From: William Tan
To: Sarah Harris
Subject: (draft email) additional IESO Proposed Changes to OFHP Credit Facility
Date: Tuesday, July 11, 2017 4:00:49 PM
Attachments: RE IESO OFA new FH credit facility.msg
RE IESO OFA new FH credit facility.msg

To Mike Manning
Cc Bruno Amara ; John Kim ; Salman Qadir
Hello Mike,
We have received the following email from IESO. IESO has inquired about the possibility of changing from the proposed minimum 7 day draw to a 5 day minimum draw (calendar days). (We are currently in the process of amending the existing IESO OFA Credit Facility and set-up of the new OFHP Credit Facility).
Is this something we can entertain?
I am including Bruno, John and Salman so they may review the proposed "Use of Proceeds" change to the existing IESO OFA Credit Facility Agreement and new OFHP Credit Facility Agreement.
On a separate email, IESO proposed to change the "Use of Proceeds" to the existing IESO OFA Credit Facility. I have provided my suggested language for the "Use of Proceeds" below~~. In anticipation gentlemen, may I ask you to also review the suitability "Use of Proceeds" in the new OFHP Credit Facility as well.~~ May I ask Bruno, John and Salman that they review and approve the changes to the agreements from a "Use of Proceeds" perspective.
Below is a comparison table of the Proposed Changes against the Existing Agreement.

Comparison Table: Fair Hydro Program Credit Facility and IESO OFA Amending Agreement 10 Credit Facility

Proposed Changes	Existing Agreement
FHP: A reduction in the 7 days minimum draw for the existing facility to a minimum of 5 days to a maximum of 95 days;	28 days minimum draw to a maximum of 95 days;
Existing Agreement: "Use of Proceeds" IESO proposes: "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time." Documentation proposes (same in draft new OFHP Credit Facility): The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	months from the date of the Advance.

Best regards,

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

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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 16:07:57

We are working on the $2B draft now.

Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

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To: William Tan [William.Tan@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 15:01:26
Attachment 1: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

---

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

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AMENDING AGREEMENT NO. 10

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

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BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

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

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

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

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

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

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Is this something we can entertain?

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Subject: RE: IESO : OFA new FH credit facility

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Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan

Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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named recipient(s), please notify the sender immediately and delete this e-mail message.

From: Victor Buza [Victor.Buza@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 15:01:26
Attachment 1: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

---

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM

To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached

Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

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william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

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

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BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

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

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

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

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

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

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

---

Hi John,

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

Thank you,

Lisa

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

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

BACKGROUND

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

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

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

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

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

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

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

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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

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

Commented [SK83]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK4]: A business decision – which I am sure ADM/CEO would support

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

RECOMMENDATION

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

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

CONSIDERATIONS

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

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

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

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

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

RATIONALE FOR EXEMPTION

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

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

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

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

MINISTER'S DIRECTIVE

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

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

FISCAL IMPACT

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

BACKGROUND

The IESO

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

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

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

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

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

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

Commented [LS10]: See earlier comment

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

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

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

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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

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Hi John,

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

Lisa

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

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

BACKGROUND

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

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

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

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

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

RECOMMENDATION

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

CONSIDERATIONS

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

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RATIONALE FOR EXEMPTION

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

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- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
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Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

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

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

Lisa

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

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

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

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- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
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Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

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

Hi John,

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

Thank you,

Lisa

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

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

BACKGROUND

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

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

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

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

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

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

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

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COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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

Commented [SK83]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK4]: A business decision – which I am sure ADM/CEO would support

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

RECOMMENDATION

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

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

CONSIDERATIONS

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

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The IESO

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

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

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

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

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

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

Commented [LS10]: See earlier comment

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

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

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

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

From:	Lisa Stein
To:	Kelly Listoe; Linda Smith
Cc:	Sarah Harris
Subject:	AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Thursday, June 29, 2017 11:17:31 AM
Attachments:	AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

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

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

AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of ~~February~~June, 2017.

Commented [LS1]: Update

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $~~200~~300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total principal amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

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

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond~~s~~ ("Benchark Bond") ~~as published by Bloomberg RBCB~~, as determined by OEFC for the term specified in the applicable Borrowing Notice ~~of Borrowing~~ and includes all costs of borrowing, including applicable fees and commissions. ~~The yield for the Benchmark Government of Canada bonds will be determined based on the Benchmark Government of Canada bonds sold by OEFC for the purposes of hedging this borrowing.~~ In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, ~~there are no Benchmark Government of Canada bonds listed at the time of the Advance with the same term~~, the rate shall be established by OEFC by ~~will be~~ interpolatinge~~d using the Bloomberg RBCB as of the Business Day immediately preceding the Advance Date by interpolating~~ the terms of ~~the~~ two Government of Canada ~~Benchmark Government of Canada bb~~onds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

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4.5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

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OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

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

ONTARIO ELECTRICITY FINANCIAL CORPORATION	**ONTARIO POWER GENERATION INC.**
By: _____	By: _____
Name: Michael D. Manning	Name: Ken Hartwick

Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

Title: Chief Operating Officer

I have the authority to bind the corporation.

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

Gwun-Hone Chin

From: Sarah Harris
Sent: Wednesday, August 09, 2017 12:14 PM
To: William Tan
Subject: Accepted: Conference call re FHP Agreement

From: Sarah Harris
To: William Tan
Subject: Accepted: FHP - Discussion on Permitted Liens and Elections Regarding Advances

From: Sarah Harris
To: William Tan
Subject: Accepted: FHP - Discussion on Permitted Liens and Elections Regarding Advances

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

I've also invited Bruno and Toby to the meeting

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

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

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

I've also invited Bruno and Toby to the meeting

From: Sarah Harris
To: William Tan
Subject: Accepted: FHP Draft Review

From: Sarah Harris
To: William Tan
Subject: Accepted: FHP Draft Review

From: Sarah Harris
To: Gavin He
Subject: Accepted: IESO FHP Credit Facility Discussion

From: Sarah Harris
To: Gavin He
Subject: Accepted: IESO FHP Credit Facility Discussion

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	Amending Agreement 10 - Grid note/balances/requirements
Date:	Wednesday, August 02, 2017 1:32:47 PM
Attachments:	RPP - Grid Note.pdf RPP Rollover Notice with advance.pdf RPP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf RRRP - Grid Note.pdf RRRP Rollover Notice with advance.pdf RRRP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf

---

Hi JF,

I spoke to Carlos yesterday and was able to conclude that Anthony's numbers are correct. I have attached the supporting documents to demonstrate the calculation. I will compose the Grid Note needed for the Amending Agreement 10.

Grid Note – Generated from OLMS>Reports>Grid Note
Election Notice
RPP Rollover Notice – Carlos confirms outstanding balance on the rollover notice.

1.
Total $253.10 million
As of July 26, we have OFA credit o/s of:

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

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million. Plus any RRRP or other credit needs that may result during August.
Should we find out when he will need this money?
If we set-up the FHP $2billion Credit Facility in time, Anthony can advance new required $250 million from that facility.

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

Regards

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 2:11 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Re: IESO - Credit facility balances/requirments

Hi Will,

The agreement is the priority. Please coordinate your comments with Kelly and we can discuss when you are ready before sending to OFA Legal. Victor mentioned having a call with OFA counsel, so perhaps you can set-up a call for late tomorrow morning or early tomorrow afternoon, which would give us a chance to discuss internally with Lisa first.

Thanks,
JF

On Jul 26, 2017, at 2:05 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi JF,
>
> Which do you want me to work on first?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Wednesday, July 26, 2017 2:03 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> **Subject:** Re: IESO - Credit facility balances/requirments
>
> Hi Will,
>
> The methodology we are using in OLMS to determine outstanding IESO amounts appears to differ substantially from the $138M we were expecting. Please advise as we need to figure this out before executing the amending agreement and we should be able to confirm IESO's numbers independently.
>
> Thanks,
> JF
>
> On Jul 26, 2017, at 1:57 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> > Hello,
> >
> > This is regarding the additional advances for mid-August.
> >
> > I haven't looked at this yet as I am reviewing the credit facility agreement.
> >
> > Thanks,

Will

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

William,

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

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

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

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

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

Regards

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

Hi Anthony,

I trying to understand your drawing requirements.

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

1.

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

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

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

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

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

Will

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 31-Jul-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 31-Jul-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8300%	19-Sep-2016	31	$65,321.10	$95,078,202.37	$94,951,024.00	$127,178.37	20-Jan-2017	154
21-Nov-2016	$64,793,065.20	0.8300%	24-Apr-2017	154	$44,201.30	$64,966,983.32	$64,793,065.20	$173,918.12	24-Apr-2017	154
21-Dec-2016	$70,276,310.40	0.8300%	24-Apr-2017	124	$49,905.81	$70,458,601.70	$70,276,310.40	$182,291.30	23-May-2017	153
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

$ 246,567,697.99

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Powering Tomorrow.

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17
Date:	Wednesday, July 26, 2017 1:52:14 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

---

fyi

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

John,
IESO has requested $246,567,897.99 for July 21 under RPP
I will be inputting a rollover of $109,986,030.30 and new advance of $136,581,867.69
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:53 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

FYI

Begin forwarded message:

> **From:** Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Date:** July 18, 2017 at 2:47:01 PM EDT
> **To:** CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Subject: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17**
>
> See attached notice for July 21, 2017 regarding IESO's $975million facility for the RPP Loan.
>
> Please send the funds to IESO RPP account:
>
> Beneficiary: Independent Electricity System Operator - RPP
> Bank: TD Bank
> Bank ID: 0004

Transit Number: 10202
Account Number: 5509622

Thanks,

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

- SAME SHEET-
- Monthly $250m → $28. CF
when?

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 31-Jul-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 31-Jul-2017

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

$6,629,013.86

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17
Date:	Wednesday, July 26, 2017 1:55:09 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

FYI

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

John,
IESO has requested $6,629,013.88 for July 21 under RRRP
I will be inputting 2 rollovers totalling $4,397,101.10 and new advance of $2,231,912.78
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:52 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

FYI

Begin forwarded message:

> **From:** Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Date:** July 18, 2017 at 2:58:08 PM EDT
> **To:** CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Subject: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17**
>
> See attached notice for July 21, 2017 regarding IESO's $975million facility for the RRRP Loan.
>
> Please send the funds to IESO RRRP account:
>
> Beneficiary: Independent Electricity System Operator - RRRP
> Bank: TD Bank

Bank ID: 0004
Transit Number: 10202
Account Number: 5500617

Thanks.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From: William Tan
To: Jean-Francois Beaupre
Cc: Sarah Harris; Kelly Listoe
Subject: Amending Agreement 10 - Grid note/balances/requirements
Date: Wednesday, August 02, 2017 1:32:47 PM
Attachments: RPP - Grid Note.pdf
RPP Rollover Notice with advance.pdf
RPP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf
RRRP - Grid Note.pdf
RRRP Rollover Notice with advance.pdf
RRRP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf

---

Hi JF,

I spoke to Carlos yesterday and was able to conclude that Anthony's numbers are correct. I have attached the supporting documents to demonstrate the calculation. I will compose the Grid Note needed for the Amending Agreement 10.

Grid Note – Generated from OLMS>Reports>Grid Note

Election Notice

RPP Rollover Notice – Carlos confirms outstanding balance on the rollover notice.

1.

Total $253.10 million

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

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

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million. Plus any RRRP or other credit needs that may result during August.

Should we find out when he will need this money?

If we set-up the FHP $2billion Credit Facility in time, Anthony can advance new required $250 million from that facility.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.

For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 2:11 PM
To: William Tan
Cc: Kelly Listoe
Subject: Re: IESO - Credit facility balances/requirments

Hi Will,

The agreement is the priority. Please coordinate your comments with Kelly and we can discuss when you are ready before sending to OFA Legal. Victor mentioned having a call with OFA counsel, so perhaps you can set-up a call for late tomorrow morning or early tomorrow afternoon, which would give us a chance to discuss internally with Lisa first.

Thanks,

JF

On Jul 26, 2017, at 2:05 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi JF,
> Which do you want me to work on first?
>
> **From:** Jean-Francois Beaupre
> **Sent:** Wednesday, July 26, 2017 2:03 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> **Subject:** Re: IESO - Credit facility balances/requirments
> Hi Will,
> The methodology we are using in OLMS to determine outstanding IESO amounts appears to differ substantially from the $138M we were expecting. Please advise as we need to figure this out before executing the amending agreement and we should be able to confirm IESO's numbers independently.
> Thanks,
> JF
>
> On Jul 26, 2017, at 1:57 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> > Hello,
> > This is regarding the additional advances for mid-August.
> > I haven't looked at this yet as I am reviewing the credit facility agreement.
> > Thanks,
> > Will
> >
> > **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> > **Sent:** Wednesday, July 26, 2017 10:47 AM
> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
> > **Subject:** RE: IESO - Credit facility balances/requirments
> > William,
> > 1.
> > As of July 26, we have OFA credit o/s of:
> >
> > 1. RPP (Fair Hydro) amount o/s = $246.5 million
> > 2. RRRP amount o/s = $6.6 million
>
> > 2.
> > Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.
> > Plus any RRRP or other credit needs that may result during August.
> > 3.
> > The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
> > For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
> > Regards

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

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

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

Will

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 31-Jul-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 31-Jul-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8300%	19-Sep-2016	31	$65,321.10	$95,078,202.37	$94,951,024.00	$127,178.37	20-Jan-2017	154
21-Nov-2016	$64,793,065.20	0.8300%	24-Apr-2017	154	$44,201.30	$64,966,983.32	$64,793,065.20	$173,918.12	24-Apr-2017	154
21-Dec-2016	$70,276,310.40	0.8300%	24-Apr-2017	124	$49,905.81	$70,458,601.70	$70,276,310.40	$182,291.30	23-May-2017	153
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

$ 246,567,697.99

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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

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

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

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

The IESO hereby certifies that:

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

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17
Date:	Wednesday, July 26, 2017 1:52:14 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

---

fyi

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

John,
IESO has requested $246,567,897.99 for July 21 under RPP
I will be inputting a rollover of $109,986,030.30 and new advance of $136,581,867.69
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:53 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

FYI

Begin forwarded message:

> **From:** Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Date:** July 18, 2017 at 2:47:01 PM EDT
> **To:** CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Subject: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17**
>
> See attached notice for July 21, 2017 regarding IESO's $975million facility for the RPP Loan.
>
> Please send the funds to IESO RPP account:
>
> Beneficiary: Independent Electricity System Operator - RPP
> Bank: TD Bank
> Bank ID: 0004

Transit Number: 10202
Account Number: 5509622

Thanks,

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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Toronto, Ontario
M7AIY7

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

- SAME SHEET-
- Monthly $250m → $28. CF
when?

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 31-Jul-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 31-Jul-2017

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

$6,629,013.86

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17
Date:	Wednesday, July 26, 2017 1:55:09 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

FYI

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Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

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Regards
Carlos

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>
> Beneficiary: Independent Electricity System Operator - RRRP
> Bank: TD Bank

Bank ID: 0004
Transit Number: 10202
Account Number: 5500617

Thanks.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

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

---

Hello Lisa,

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

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

Best regards,

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

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

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

Loan

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

Workflow

Main | Details | Cashflow

Loan ID: 1590

Client: Ontario Financing Authority

Loan Type: Line Of Credit

Entity Type: Corporations

Entity: Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Credit Facility:

Total Allocated Amount: $475,000,000.00

Effective Date: 01-May-2017

Min Advance:

No. of Advances:

Is Revolving

Remaining Amount: 468,370,986.12

Start Date: 16-Jun-2017

End Date: 16-Jun-2018

Comments:

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

Hi Lisa,

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

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

Thanks,

Will

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

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

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

Hello Lisa,

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

Thanks,

Will

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

Hi Will and JF,

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

Thank you,

Lisa

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

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

AMENDING AGREEMENT NO. 10

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

BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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

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

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

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

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

[*signature page follows*]

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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

Ontario Financing Authority
Line of Credit Grid Note

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

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

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

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

Total Principal Advanced	

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

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Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

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

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

William,

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

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

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

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

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

Regards

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

Hi Anthony,

I trying to understand your drawing requirements.

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

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

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

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

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

–

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

Will

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

Ontario Financing Authority
Line of Credit Grid Note

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

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

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

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

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

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

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Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

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

---

Hello Lisa,

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

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

Best regards,

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

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

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

Loan

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

Workflow

Main | Details | Cashflow

Loan ID: 1590

Client: Ontario Financing Authority

Loan Type: Line Of Credit

Entity Type: Corporations

Entity: Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Credit Facility:

Total Allocated Amount: $475,000,000.00

Effective Date: 01-May-2017

Min Advance:

No. of Advances:

Is Revolving

Remaining Amount: 468,370,986.12

Start Date: 16-Jun-2017

End Date: 16-Jun-2018

Comments:

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

Hi Lisa,

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

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

Thanks,

Will

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

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

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

Hello Lisa,

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

Thanks,

Will

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

Hi Will and JF,

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

Thank you,

Lisa

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

****
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AMENDING AGREEMENT NO. 10

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

BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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

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

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

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

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

[*signature page follows*]

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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

Ontario Financing Authority
Line of Credit Grid Note

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

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

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

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

Total Principal Advanced	

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

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Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

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

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

William,

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

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

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

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

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

Regards

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

Hi Anthony,

I trying to understand your drawing requirements.

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

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

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

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

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

–

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

Will

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Ontario Financing Authority
Line of Credit Grid Note

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

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

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

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

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

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

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

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

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

Attention: Cash Management

Dear Sirs:

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

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

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

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

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

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Hello Sarah N,

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

Part of the Fair Hydro Plan implementation process, requires reducing the existing credit facility from $975 million, down to $475 million (Amending Agreement 10).

Attached is the draft amending agreement with IESO's first round of comments. I have provided my comments as well for OFA Legal's review. One particular section (Use of Proceeds) requires Electricity Finance's review which I have already forwarded to them for review.

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

For background purposes I've attached

IESO OFA Amending Agreement 10

Original Credit Facility Agreement

History of IESO OFA Amending Agreements.

IESO Credit Requirements for the 2017 Fair Hydro Plan letter(IESO Request letter) outlining implementation process.

Directive

Underlying OIC

Best regards,

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

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AMENDING AGREEMENT NO. 10

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

BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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Commented [A1]: I agree with the change.

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

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

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

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

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

Commented [A7]: Fine.

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

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

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

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

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

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

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

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

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

[*signature page follows*]

Commented [A8]: To confirm with Salman

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

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

Commented [A11]: Fine

Commented [A12]: To cofirm with Salman

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

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

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

~~SCHEDULE 3~~EXECUTED GRIDNOTE

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

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

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

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

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

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A16]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

Total Principal Advanced	$114,383,131.40

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

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

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

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

RECITAL:

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

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Permitted Liens" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.2 Effect of Headings and Table of Contents.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

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

Section 2.2 Commitment and Facility Limits.

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

Section 2.3 Use of Proceeds.

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.7 Payments under this Agreement.

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

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

Section 2.8 Computations of Interest.

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

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

Section 2.9 Limit on Rate of Interest.

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

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

ARTICLE 3

ADVANCES

Section 3.1 Advances.

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

Section 3.2 Procedure for Advances.

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

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

Section 3.3 Elections Regarding Advances.

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

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

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

Section 3.4 Interest on Advances.

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

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

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

Section 3.5 Conditions Precedent

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

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

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

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

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

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

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

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

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

Section 4.6 Negative Pledge.

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

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

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

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

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

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

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

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

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

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

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

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

(h) the OPA:

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

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

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

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

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

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

Section 5.3 Suits for Enforcement by OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

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

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

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

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

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

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

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7

GENERAL

Section 7.1 Notices.

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

If to the OPA, to it at:

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

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

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

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

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

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

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

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Counterparts.

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

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

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

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

Attention: Cash Management

Dear Sirs:

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

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

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

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

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

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

Attention: Cash Management

Dear Sirs:

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

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

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

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

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

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

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

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

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

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

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

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

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

Connecting Today.
Powering Tomorrow.

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

May 12, 2017.

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

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

Dear Mr. Mayman,

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

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

IESO's FHP Credit Requirements and Rationale

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

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

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

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

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

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

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

Sincerely,

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

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

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

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

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

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

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

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

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

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

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

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

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

Ontario

Ministry of Finance

Approval Form

General Information

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

Description

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

Standard Approval

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

Supplemental Approvals

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

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

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

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

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

Therefore:

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

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

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

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

../2

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

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

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

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

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

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

Proposed Items for Review

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

Approvals required prior to LRC

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

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

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

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

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

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

s. 2 Approach and Intended Outcomes

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

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

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

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

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

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Hello Sarah N,

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

Part of the Fair Hydro Plan implementation process, requires reducing the existing credit facility from $975 million, down to $475 million (Amending Agreement 10).

Attached is the draft amending agreement with IESO's first round of comments. I have provided my comments as well for OFA Legal's review. One particular section (Use of Proceeds) requires Electricity Finance's review which I have already forwarded to them for review.

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

For background purposes I've attached

IESO OFA Amending Agreement 10

Original Credit Facility Agreement

History of IESO OFA Amending Agreements.

IESO Credit Requirements for the 2017 Fair Hydro Plan letter(IESO Request letter) outlining implementation process.

Directive

Underlying OIC

Best regards,

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

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AMENDING AGREEMENT NO. 10

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

BETWEEN:

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

-and-

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

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

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

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

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

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

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

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

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Commented [A1]: I agree with the change.

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

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

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

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

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

Commented [A7]: Fine.

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

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

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

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

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

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

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

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

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

[*signature page follows*]

Commented [A8]: To confirm with Salman

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

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

Commented [A11]: Fine

Commented [A12]: To cofirm with Salman

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

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

ONTARIO FINANCING AUTHORITY

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

I have authority to bind the corporation.

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

~~SCHEDULE 3~~EXECUTED GRIDNOTE

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

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

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

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

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

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A16]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

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

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

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

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

Total Principal Advanced	$114,383,131.40

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

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

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

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

RECITAL:

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

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Permitted Liens" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1.2 Effect of Headings and Table of Contents.

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

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

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

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

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

Section 2.2 Commitment and Facility Limits.

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

Section 2.3 Use of Proceeds.

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

Section 2.4 Mandatory Repayment.

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

Section 2.5 Prepayments.

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

Section 2.7 Payments under this Agreement.

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

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

Section 2.8 Computations of Interest.

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

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

Section 2.9 Limit on Rate of Interest.

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

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

ARTICLE 3

ADVANCES

Section 3.1 Advances.

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

Section 3.2 Procedure for Advances.

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

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

Section 3.3 Elections Regarding Advances.

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

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

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

Section 3.4 Interest on Advances.

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

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

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

Section 3.5 Conditions Precedent

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

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

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

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

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

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

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

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

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

Section 4.6 Negative Pledge.

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

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

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

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

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

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

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

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

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

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

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

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

(h) the OPA:

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

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

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

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: Amending Agreement 10
Date: Friday, July 14, 2017 12:38:28 PM
Attachments: 140280_e.doc
Use of Proceeds.pdf
IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX
image001.png
RE IESO OFA new FH credit facility.msg

Hello Sarah N,
I discussed "Use of Proceeds" with Bruno. I will send a revised Amending Agreement 10 to you this afternoon.

IESO OFA FHP 2017 Credit Letter

In the letter IESO says that it is currently using the $975 million credit facility for FHP purposes referred to as Regulated Price Plan (RPP). You can see a copy of the grid note in the draft Amending Agreement 10, indicating draws under RPP.

Use of Proceeds for Amending Agreement 10,proposed changes

(i) According to Bruno, he is fine with keeping IESO's proposed paragraph (almost identical to Documentation's proposed first paragraph)
(ii) Remove "(1) Existing credit facility Use of Proceeds is different from the FHP $2 billion credit facility".
(iii) Keep "(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IESO:OFA new FH credit facility

Electricity Finance sign-off

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017	31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017	31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville ; William Tan ; Sarah Harris
Cc: Lisa Stein ; Gavin He ; John Kim
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of

proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility
Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.
Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).
2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Origin AA8

Removed

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017	31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017	31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 10:59:44
Attachment 1: 140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now

covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Amending Agreement 10
Date:	Monday, June 26, 2017 10:27:22 AM
Attachments:	IESO_OFA Amendment No 10.doc

Good morning Lisa,

Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.

Thanks,

Will

From: Lisa Stein

Sent: Tuesday, June 13, 2017 4:01 PM

To: Salman Qadir

Cc: Bruno Amara ; John Kim ; William Tan ; Sarah Harris

Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the coperating facility is CDN $(·);

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN $975 million~~,000,000~~ to a principal amount of up to $475 million;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Insert amount once determined

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: Amending Agreement 10
Date: Friday, July 14, 2017 12:38:28 PM
Attachments: 140280_e.doc
Use of Proceeds.pdf
IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX
image001.png
RE IESO OFA new FH credit facility.msg

Hello Sarah N,
I discussed "Use of Proceeds" with Bruno. I will send a revised Amending Agreement 10 to you this afternoon.

IESO OFA FHP 2017 Credit Letter

In the letter IESO says that it is currently using the $975 million credit facility for FHP purposes referred to as Regulated Price Plan (RPP). You can see a copy of the grid note in the draft Amending Agreement 10, indicating draws under RPP.

Use of Proceeds for Amending Agreement 10,proposed changes

(i) According to Bruno, he is fine with keeping IESO's proposed paragraph (almost identical to Documentation's proposed first paragraph)
(ii) Remove "(1) Existing credit facility Use of Proceeds is different from the FHP $2 billion credit facility".
(iii) Keep "(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IESO:OFA new FH credit facility

Electricity Finance sign-off

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017	31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017	31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville ; William Tan ; Sarah Harris
Cc: Lisa Stein ; Gavin He ; John Kim
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of

proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility
Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.
Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).
2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Origin AA8

Removed

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017	31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017	31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 10:59:44
Attachment 1: 140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now

covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	Andrea Dalgarno
To:	Daki Proudfoot
Cc:	Sarah Harris
Subject:	Approved OIC for 2 billion Related to IESO
Date:	Wednesday, July 19, 2017 11:59:57 AM
Attachments:	OC-1279-2017.pdf

Hi,

As discussed, there is not agreement in place yet between IESO and OFA that pertains to this OIC. So our purposes as of July 11- it is not immediately relevant.

This is FYI for future.

Regards,

Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451

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Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From: Whitfield, Tobias P. (MOF)
To: Sarah Harris
Subject: Automatic reply: IESO $2B Credit Facility - Minister"s Directive
Date: Thursday, June 29, 2017 3:55:50 PM

I will be out of the office from June 29 through July 6, and will not have access to my messages. I will be able to respond on Friday July 7.

If your matter is urgent please contact Malle Hanslep at malle.hanslep@ontario.ca or 416-325-1457.

From: William Tan
To: Sarah Harris
Subject: Automatic reply: IESO : OFA new FH credit facility
Date: Wednesday, July 12, 2017 10:03:11 PM

Out of office alert.

I will be out of the office Thursday, July 13, returning Friday, July 14.

If you require immediate assistance please contact Ryan Blackbyrne at 416-325-8143

ryan.blackbyrne@ofina.on.ca

Thank you and have a great day.

Will

From: William Tan
To: Sarah Harris
Subject: Automatic reply: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 9:02:28 AM

Out of office alert.

I will be out of the office Thursday, July 13, returning Friday, July 14.

If you require immediate assistance please contact Ryan Blackbyrne at 416-325-8143

ryan.blackbyrne@ofina.on.ca

Thank you and have a great day.

Will

From: Graham Monroe
To: Sarah Harris
Subject: Automatic reply: OFA-IESO Credit Facilities
Date: Tuesday, August 15, 2017 11:52:55 AM

Absence Alert: I am out of the office until August 21, 2017. I will be checking my email sporadically during this period, but if your request is of an urgent nature please contact Tony Dong at Tony.Dong@ofina.on.ca.

From: George Sakura
To: Sarah Harris
Subject: Automatic reply: OFA-IESO Credit Facilities
Date: Tuesday, August 15, 2017 11:52:55 AM

I will not be in the office from Thursday, August 10th to Monday, August 21st. If you have an urgent matter, please contact Kevin Hwang at 416-325-5471 or email him at Kevin.Hwang@ofina.on.ca.

From: John Kim
To: Sarah Harris
Subject: Automatic reply: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 3:22:53 PM

I will be out of the office the week of August 7. Please contact Bruno Amara at Bruno.Amara@ofina.on.ca if a response is required urgently.

Thank you.

John Kim

From: John Kim
To: Sarah Harris
Subject: Automatic reply: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 3:22:53 PM

I will be out of the office the week of August 7. Please contact Bruno Amara at Bruno.Amara@ofina.on.ca if a response is required urgently.
Thank you.
John Kim

From: Mara Bakic
To: Sarah Harris
Subject: Automatic reply: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 9:50:35 AM

Thank you for your email. I will be out of the office returning Tuesday July 4. If this matter is urgent please contact Michael Smith at 416-212-1063 or michael.smith@ontario.ca.

From: Bonnie Zhang
To: Sarah Harris
Subject: Automatic reply: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 9:50:36 AM

I am on vacation from June 19 to June 30, 2017. Please contact Michael Smith (2-1063) or Mark Froud (5-5107) for business matter.
Thanks
Bonnie

From: William Tan
To: Sarah Harris
Subject: Borrowing Notice & Election Notice
Date: Friday, August 11, 2017 5:00:27 PM
Attachments: RPP Rollover Notice with advance.pdf
RRRP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf

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Hi Sarah,
Below, is the back-ground information on how the place holder language on the RPP and RRRP came to be.
Attached are the actual Election Notices.
Thanks,
Will

From: William Tan
Sent: Wednesday, August 02, 2017 11:06 AM
To: Kelly Listoe
Subject: FW: FHP credit facility agreement - further amendments
fyi

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments
Hi JF and Will,
Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?
Thanks,
Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments
Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.
The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.
Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.
Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.
Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,
Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17
Date:	Wednesday, July 26, 2017 1:55:09 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

FYI

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

John,
IESO has requested $6,629,013.88 for July 21 under RRRP
I will be inputting 2 rollovers totalling $4,397,101.10 and new advance of $2,231,912.78
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:52 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

FYI

Begin forwarded message:

> **From:** Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Date:** July 18, 2017 at 2:58:08 PM EDT
> **To:** CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Subject: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17**
>
> See attached notice for July 21, 2017 regarding IESO's $975million facility for the RRRP Loan.
>
> Please send the funds to IESO RRRP account:
>
> Beneficiary: Independent Electricity System Operator - RRRP
> Bank: TD Bank

Bank ID: 0004
Transit Number: 10202
Account Number: 5500617

Thanks.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Sarah Harris
Subject:	Borrowing Notice & Election Notice
Date:	Friday, August 11, 2017 5:00:27 PM
Attachments:	RPP Rollover Notice with advance.pdf RRRP Rollover Notice, Confirmation with Electricity Finance 7.21.17 .pdf

Hi Sarah,

Below, is the back-ground information on how the place holder language on the RPP and RRRP came to be.
Attached are the actual Election Notices.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 02, 2017 11:06 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments

fyi

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments

Hi JF and Will,

Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Carlos Yep
To:	Opal Kandelas
Subject:	FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17
Date:	Wednesday, July 26, 2017 1:55:09 PM
Attachments:	Rollover Notice with advance.pdf ATT00001.htm

FYI

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

John,
IESO has requested $6,629,013.88 for July 21 under RRRP
I will be inputting 2 rollovers totalling $4,397,101.10 and new advance of $2,231,912.78
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:52 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

FYI

Begin forwarded message:

> **From:** Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Date:** July 18, 2017 at 2:58:08 PM EDT
> **To:** CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
> **Cc:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Subject: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17**
>
> See attached notice for July 21, 2017 regarding IESO's $975million facility for the RRRP Loan.
>
> Please send the funds to IESO RRRP account:
>
> Beneficiary: Independent Electricity System Operator - RRRP
> Bank: TD Bank

Bank ID: 0004
Transit Number: 10202
Account Number: 5500617

Thanks.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Sarah Harris; Lisa Stein; Bruno Amara; John Kim; Gavin He; Tobias P. Whitfield (MOF)
Subject:	Conference call re FHP Agreement
Attachments:	conference call re FHP Agreement.msg

The conference line is provided below.
(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]
Subject: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:17

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From:	William Tan
To:	Sarah Harris; Lisa Stein; Bruno Amara; John Kim; Gavin He; Tobias P. Whitfield (MOF)
Subject:	Conference call re FHP Agreement
Attachments:	conference call re FHP Agreement.msg

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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]
Subject: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:17

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From:	William Tan
To:	Sarah Harris
Subject:	Conversation updates with Gavin
Date:	Friday, July 21, 2017 9:48:34 AM

From: William Tan [mailto:william.tan@ofina.on.ca]
Sent: Thursday, July 20, 2017 2:16 PM
To: Gavin He ; William Tan
Subject: Conversation with Gavin He

William Tan 1:58 PM:
Hi Gavin,
Gavin He 1:58 PM:
Hi
William Tan 1:58 PM:
i understand your busy. When you get a chance, may you comment.
only on the section Electricy is responsible for.
Gavin He 2:00 PM:
I took a quick look when Sarah sent it back. I was a bit confused by Sarah's comment on the use of proceeds. I thought that was the proposed language, but seems that she is saying that's no longer relevant.
We need to review this within the Branch before we can get back to you on this.
William Tan 2:13 PM:
hi Gavin, i think your referring to the Sarah N, comment in yellow.
the yellow comment points to a different section, unrealted to your section.
unrelated.
Gavin He 2:13 PM:
I see. I will take another look.
[7/21/2017 9:39 AM] William Tan:
good morning Gavin,
was revised version any clearer?
[7/21/2017 9:41 AM] William Tan:
also, can Electricity branch approve the wording today? i wish to send the Amending Agreement out today and preface to IESO that if this wording is not satisfactory to them, we would have to go in the direction of a new directive, which would take some time.
[7/21/2017 9:41 AM] Gavin He:
Hi William, yes. I reviewed and was okay it. and passed it onto for my Manager and Director to review
I will try to get that done today
I am running some interviews today
so will be out of office for the morning
will be back this afternoon though
[7/21/2017 9:42 AM] William Tan:
thanks Gavin, once they approve i need an email saying your area approves it. thanks.
[7/21/2017 9:42 AM] Gavin He:
I will keep you posed on that
sorry for the delay
yeah, will do.
We saved this conversation. You'll see it soon in the Conversations tab in Lync and in the Conversation History folder in Outlook.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Kevin Shvarts
To:	"LEE John -TREASURY"; "LIU Sheen -TREASURY"; "RYFA Ken -TREASURY"
Cc:	Mike Manning; Linda Smith; Sarah Harris; Brett Kichiy; Jean-Francois Beaupre; Kelly Listoe; Ryan Blackbyrne
Subject:	Credit Spread for August 22, 2017 30-Year Loan
Date:	Thursday, August 17, 2017 10:31:09 AM
Attachments:	$100 m Loan August 22, 2017 (30 Yr Spread).pdf

Hello,

The credit spread for the August 22, 2017 30-year loan is **151.75** bps.

I will be sending the pricing and full details on August 21st.

Thanks,

Kevin Shvarts, CFA
Investment Analyst, Nuclear Funds
Ontario Financing Authority
T: 416-325-9288
E: Kevin.Shvarts@ofina.on.ca

OPG LOAN - 30-Year

DETERMINATION OF OPG CREDIT SPREAD

DEALER QUOTES FOR AUGUST 14, 2017

	BMO	CIBC	NBF	RBC	SC	TD
Benchmark Canada Bond (2.75% Dec 2048)	2.294%	2.320%	2.321%	2.322%	2.320%	2.319%
Curve Adjustment (bp)	0	0	0	0	0	0
OPG Credit Spread to GoC Curve (bp)	156	147	150	157	152	149
Re-Offered Yield	3.854%	3.790%	3.821%	3.892%	3.840%	3.809%
Commission (bp)	1.7	2.8	2.8	2.8	4.0	2.3
All-in Canada Yield	3.871%	3.818%	3.849%	3.920%	3.880%	3.832%
All-in Spread to GoC Curve (bp)	**158**	**150**	**153**	**160**	**156**	**151**

	30-Year	30-Year	30-Year	30-Year	30-Year	30-Year
Hydro One (A/A)	137	138	135	138	139	134
Bruce Power (BBB/BBB)	220	233		212		
Brookfield Renewable Energy Partners (BBB / - / BBB(H))		250			133	
EPCOR (A(L)/-/A-)	133		135	136		132
FortisAlberta (A- / Baa1 / A(l))		136	135	135		
FortisBC (Baa1/A(L))			140	138		
Nova Scotia Power (BBB+/A-)	144	146	145	145	148	143
Toronto Hydro (A/A)	131	132				
TransAlta Corp (BBB-/BBB)						
TransCana TransCanada Pipeline (A-/A)	177			175		

AVERAGE OPG CREDIT SPREAD:

1. Eliminate High and Low Spread

High Spread = 157
Low Spread = 147

2. Calculate Average of Remaining Spreads

Average Spread = 151.75

From:	Bruno Amara
To:	Lisa Stein; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan
Subject:	Credit facility
Date:	Monday, August 21, 2017 8:43:34 AM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx DIRECTIVE Aug 16 (vAug18LisaMallesSignedOff)_clean Alternate vWOWatermark_vFinalClean.docx

---

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

OFA -- IESO CREDIT FACILITY
MINISTER OF FINANCE DIRECTIVE FOR AN EXEMPTION FROM THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE")
REQUIRED UNDER THE OFA'S LENDING POLICY

CONTEXT

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility (currently provided under the "Original Credit Facility Agreement", see Background section) from the current $975 million to $475 million.

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an intercept provision in the OFHP Credit Facility agreement with the IESO, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, from the OFA Lending Policy requirement to include an intercept provision.

RATIONALE FOR EXEMPTION

- This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility).

- Including an intercept provision in the credit facility agreements with the IESO would have no practical usefulness as the IESO receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of having the Intercept Exemption Provision.]

BACKGROUND

<u>The IESO</u>

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.

- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.

- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

- The IESO is a public body for the purposes of CIPA.

OFA Credit Facilities to the IESO

- Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28, 2016, the Minister of Finance ("Minister") approved and directed the Ontario Fiancing Authority ("OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

- Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act*, *1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

- Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

- The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18, 2017

DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

Effective January 1, 2015, the Ontario Power Authority (the "OPA") and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

Pursuant to directives dated December 22nd, 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28th, 2016, the Minister approved and directed the OFA to make loans (the "Advances") to the OPA and the IESO after the Amalgamation from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA and IESO after the Amalgamation to meets its purposes.

Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support the IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility of up to $2 billion to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

The IESO is a public body for the purposes of CIPA.

As there is no operational funding appropriated by the Legislature for the IESO, the intercept provision has no application for OFA loans to the IESO.

Therefore:

The OFA is not required to include an intercept provision in the following two credit facility agreements with the IESO:

a) the Original Credit Facility Agreement, as may be amended from time to time; and,
b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the "IESO Credit Facility Agreements")

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated , 2017

Minister of Finance

Per _____

The Honourable Liz Sandals

President of Treasury Board

Alternate for the Minister of Finance

From:	Bruno Amara
To:	Lisa Stein; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan
Subject:	Credit facility
Date:	Monday, August 21, 2017 8:43:34 AM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx DIRECTIVE Aug 16 (vAug18LisaMallesSignedOff)_clean Alternate vWOWatermark_vFinalClean.docx

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

OFA -- IESO CREDIT FACILITY
MINISTER OF FINANCE DIRECTIVE FOR AN EXEMPTION FROM THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE")
REQUIRED UNDER THE OFA'S LENDING POLICY

CONTEXT

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility (currently provided under the "Original Credit Facility Agreement", see Background section) from the current $975 million to $475 million.

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an intercept provision in the OFHP Credit Facility agreement with the IESO, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, from the OFA Lending Policy requirement to include an intercept provision.

RATIONALE FOR EXEMPTION

- This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility).

- Including an intercept provision in the credit facility agreements with the IESO would have no practical usefulness as the IESO receives no operational funding from the Province of Ontario.

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FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of having the Intercept Exemption Provision.]

BACKGROUND

<u>The IESO</u>

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.

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Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18, 2017

DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

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Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility of up to $2 billion to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

The IESO is a public body for the purposes of CIPA.

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a) the Original Credit Facility Agreement, as may be amended from time to time; and,
b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the "IESO Credit Facility Agreements")

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated , 2017

Minister of Finance

Per _____

The Honourable Liz Sandals

President of Treasury Board

Alternate for the Minister of Finance

From:	Sarah Harris
To:	Lisa Stein; Bruno Amara
Cc:	William Tan
Subject:	Development
Date:	Tuesday, August 15, 2017 2:20:12 PM

Hi Lisa and Bruno,

I was speaking to Anna Strathy about the date of the Minister's return (she thought August 31st, but was going to confirm), but she mentioned that if we need something signed, the Head of Treasury Board would be able to sign. I asked her if this included Minister Directives, and she asked that I send her details of the Directive and she would confirm.

This then made me think about the Lending Policy which states the exemption from the intercept provision could be provided by the Minister of Finance, Treasury Board or Cabinet. It would seem then that even if Head of Treasury Board does not have the delegated authority to sign for the Minister, the Head could still sign a directive on behalf of Treasury Board. I am not familiar with Treasury Board directives and perhaps I am oversimplifying, but it would seem that this may be a reasonable option.

Nevertheless, I am e-mailing Anna Strathy with the details of the Directive and will cc' you both.

Sarah

From:	John Kim
To:	Sarah Harris; Lisa Stein; William Tan
Cc:	Bruno Amara
Subject:	Directive signing
Date:	Friday, August 25, 2017 9:02:33 AM

Hi,

Just to update you, we are aiming for alternate to sign on Tuesday.

John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Sarah Harris
To: Opal Kandelas
Subject: Draft for review
Date: Thursday, August 10, 2017 10:05:36 AM
Attachments: OFA Lending Policy Final (April 16 2010).pdf

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption form the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in

the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will be delayed, likely for a number of weeks.

If the decision is made <u>not</u> to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision <u>is required</u>, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (i)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry

of will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From: Sarah Harris
To: Opal Kandelas
Subject: Draft for review
Date: Thursday, August 10, 2017 10:05:36 AM
Attachments: OFA Lending Policy Final (April 16 2010).pdf

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption form the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in

the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will be delayed, likely for a number of weeks.

If the decision is made <u>not</u> to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision <u>is required</u>, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (i)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry

of will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From: William Tan
To: Jean-Francois Beaupre; Lisa Stein; Kelly Listoe
Cc: Sarah Neville; Sarah Harris
Subject: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:06:34 AM

Update:
I emailed Anthony yesterday to better understand his cashflow requirements for mid-August.
IESO is a day late in providing the FHP Credit Facility Agreement. I have moved the dates down by one business day but kept the same deadline of August 4.
Time Table v2

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
~~July 25~~	~~Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.~~	~~Documentation~~
~~July 25~~	~~AA10 set up and attended call. Small legal editorial matters.~~	~~Documentation/OFA Legal/IESO Legal~~
~~July 25~~	~~Reviewed Resolution of the Board of Directors, Certificate of Incumbency.~~	~~Documentation/OFA Legal~~
July 25	Cashflow requirements, contacted Anthony to understand his cashflow requirements for mid-Aug.	Documentation
July 26	FHP Credit Facility, receive comments from IESO.	IESO
July 27	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 27	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 28, 31	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
Aug 1	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 2	AA10, executed by IESO and send physical signatures OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Best regards,
Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris; Sarah Neville; Victor Buza; Caroline Swerdlyk; "Anthony Martinello"
Subject: FHP - Discussion on Permitted Liens and Elections Regarding Advances

---

Discussion on:

Permitted Liens (k)
Section 3.3(1) Elections Regarding Advances - Continued Advance
3.3(2) Election Notice and Schedule 2 Form of Election Notice

(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From:	William Tan
To:	Sarah Harris; Lisa Stein
Cc:	Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FHP - next steps

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1. MOF Legal update (if Toby provides Lisa with an update prior to this meeting).
2. Status update message to IESO. (general message, timeline, temporary use of the $975 million CF etc.)
3. Go over FHP Agreement and when to provide draft to IESO.
4. Next steps.

Thanks,

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From: William Tan
To: Sarah Harris; Lisa Stein; Salman Qadir
Subject: FHP Amending Agreement

Capital Markets Boardroom 14102

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From: William Tan
To: Sarah Harris; Lisa Stein; Salman Qadir
Subject: FHP Amending Agreement

Capital Markets Boardroom 14102

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: William Tan
To: Sarah Harris
Subject: FHP CF delay email.
Date: Friday, August 11, 2017 2:28:31 PM

Hello Sarah,

I am concurrently reviewing the FHP Credit Facility. Below is the draft email for Anthony and the general message to Anthony and Victor when we/I speak with them on the phone. I took parts of your email and parts of Lisa's email. Please review and comment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement.*
>
> *OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by OFA to public bodies, unless otherwise directed. As such, no further directly/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. We are now in the process of obtaining an exception through the Minister of Finance in the form of an internal directive.*
>
> *I also want to make you aware that due to the internal process that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*

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From:	William Tan
To:	Kelly Listoe; Jean-Francois Beaupre; Lisa Stein; Sarah Harris; Gavin He; Bruno Amara
Subject:	FHP Credit Facility Agreement, questions

Best regards,

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From:	William Tan
To:	Lisa Stein; Bruno Amara
Cc:	Tobias P. Whitfield (MOF); Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:12:34 AM

Good morning all,

We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.

I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.
https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances

(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.

It's important that we get this document out to IESO today.
I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From:	William Tan
To:	Tobias P. Whitfield (MOF); Caroline Swerdlyk; Sarah Harris
Cc:	Sarah Neville
Subject:	FHP Draft Review
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

Hello all,

To go over the changes proposed changes by IESO. Toby, we will call you.

Best regards,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Tobias P. Whitfield (MOF); Caroline Swerdlyk; Sarah Harris
Cc:	Sarah Neville
Subject:	FHP Draft Review
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

Hello all,

To go over the changes proposed changes by IESO. Toby, we will call you.

Best regards,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

Formatted: Font: Bold

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	"Victor Buza"
Cc:	"Anthony Martinello"; Sarah Harris; Lisa Stein
Subject:	FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:24:01 AM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc

Good morning Victor,
Please find the attached Resolution of the Board of Directors with minor edits. No comments on the Incumbency Certificate.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, August 18, 2017 5:23 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Understood Will. Thanks.
FYI, I was under the impression that we had forwarded
(i) the form of extract of board resolution and
(ii) the form of incumbency certificate
for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10

FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944

Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]
This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

~~**AND WHEREAS …**~~

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From:	William Tan
To:	"Victor Buza"
Cc:	"Anthony Martinello"; Sarah Harris; Lisa Stein
Subject:	FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:24:01 AM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc

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FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Sent: Monday, August 14, 2017 4:18 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

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Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944

Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]
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"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

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WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

~~**AND WHEREAS …**~~

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject:	FHP credit facility agreement - further amendments
Date:	Monday, July 31, 2017 12:01:38 PM

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

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****

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx
Date:	Friday, August 18, 2017 2:02:24 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

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As discussed.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Thursday, August 17, 2017 4:05:01 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx

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As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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Formatted: List Paragraph

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Thursday, August 17, 2017 4:05:01 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx

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As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx
Date:	Friday, August 18, 2017 2:02:24 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

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As discussed.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF)
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Friday, August 11, 2017 4:51:44 PM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada., ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

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"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys~~ies~~ advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each A~~a~~dvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 10, 2017 9:58:25 AM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada,~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

Commented [LS3]: NTD: Program area to add back swap language?

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

Commented [LS5]: Bruno: Please advise if you are comfortable with this deletion, as suggested by Toby. I am in agreement with his approach; if we add in "unsubordinated" it may require further discussions with IESO counsel (based on earlier comments/discussions).

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any

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amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 10, 2017 9:58:25 AM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

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"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada,~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

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Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any

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amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF)
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Friday, August 11, 2017 4:51:44 PM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada., ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

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"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys~~ies~~ advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each A~~a~~dvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Bruno Amara
Cc:	Salman Qadir; Gavin He; Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 4:25:20 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hello Bruno,

We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.

Specifically:

Clean Energy Adjustment

Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.

Section 2.2 Use of Proceeds

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Jean-Francois Beaupre; William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 11:29:54 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Jean-Francois Beaupre; William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 11:29:54 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Bruno Amara
Cc:	Salman Qadir; Gavin He; Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 4:25:20 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hello Bruno,

We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.

Specifically:

Clean Energy Adjustment

Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.

Section 2.2 Use of Proceeds

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville
Subject:	FHP, Schedule 2 - Election Notice and Grid note
Date:	Tuesday, August 29, 2017 12:00:35 PM
Attachments:	FW IESO $975M Credit Facility (RPP Loan) - Notice for Jul 2117 .msg FW IESO $975M Credit Facility (RRRP Loan) - Notice for July 2117 .msg Grid Note for RPP as of Aug 8, 2017.xls

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Hello,

Please find the attached Election Notices and corresponding Grid Note.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17
Date: Wednesday, July 26, 2017 13:52:13
Attachment 1: Rollover Notice with advance.pdf
Attachment 2: ATT00001.htm

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fyi

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

John,
IESO has requested $246,567,897.99 for July 21 under RPP
I will be inputting a rollover of $109,986,030.30 and new advance of $136,581,867.69
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:53 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

FYI

Begin forwarded message:

From: Olga Whiteley <Olga.Whiteley@ieso.ca>
Date: July 18, 2017 at 2:47:01 PM EDT
To: CASHP <CASHP@ofina.on.ca>, SETTLEMENT <SETTLEMENT@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

See attached notice for July 21, 2017 regarding IESO's $975million facility for the RPP Loan.

Please send the funds to IESO RPP account:

Beneficiary:	Independent Electricity System Operator - RPP
Bank:	TD Bank
Bank ID:	0004
Transit Number:	10202
Account Number:	5509622

Thanks,

Olga Whiteley | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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Independent Electricity System Operator
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Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17
Date: Wednesday, July 26, 2017 13:55:08
Attachment 1: Rollover Notice with advance.pdf
Attachment 2: ATT00001.htm

FYI

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

John,
IESO has requested $6,629,013.88 for July 21 under RRRP
I will be inputting 2 rollovers totalling $4,397,101.10 and new advance of $2,231,912.78
Regards
Carlos

From: Nurudin Kaba
Sent: Tuesday, July 18, 2017 3:52 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
Subject: Fwd: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

FYI

Begin forwarded message:

From: Olga Whiteley <Olga.Whiteley@ieso.ca>
Date: July 18, 2017 at 2:58:08 PM EDT
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Subject: IESO $975M Credit Facility (RRRP Loan) - Notice for July 21/17

See attached notice for July 21, 2017 regarding IESO's $975million facility for the RRRP Loan.

Please send the funds to IESO RRRP account:

Beneficiary:	Independent Electricity System Operator - RRRP
Bank:	TD Bank
Bank ID:	0004
Transit Number:	10202

Account Number: 5500617

Thanks.

Olga Whiteley | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

Project: **Rural or Remote Electricity Rate Protection Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0000%	20-Jun-2017	33	$1,014.08	$1,643.14	$0.00	$1,643.14	21-Jul-2017	64
20-Jun-2017	$3,203,101.35	1.0000%	21-Jul-2017	31	$2,720.44	$2,149.15	$0.00	$2,149.15	21-Jul-2017	31
21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville
Subject:	FHP, Schedule 2 - Election Notice and Grid note
Date:	Tuesday, August 29, 2017 12:00:35 PM
Attachments:	FW IESO $975M Credit Facility (RPP Loan) - Notice for Jul 2117 .msg FW IESO $975M Credit Facility (RRRP Loan) - Notice for July 2117 .msg Grid Note for RPP as of Aug 8, 2017.xls

---

Hello,

Please find the attached Election Notices and corresponding Grid Note.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Carlos Yep []
To: Opal Kandelas [Opal.Kandelas@ofina.on.ca]
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17
Date: Wednesday, July 26, 2017 13:52:13
Attachment 1: Rollover Notice with advance.pdf
Attachment 2: ATT00001.htm

---

fyi

From: Carlos Yep
Sent: Tuesday, July 18, 2017 4:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: IESO $975M Credit Facility (RPP Loan) - Notice for Jul 21/17

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Regards
Carlos

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Sent: Tuesday, July 18, 2017 3:53 PM
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Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>
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Transit Number:	10202
Account Number:	5509622

Thanks,

Olga Whiteley | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
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Toronto, Ontario
M7AIY7

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

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Olga Whiteley | Treasury and Pension Operations

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Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
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21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

To:	Lisa Stein
Subject:	FW: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 9:27:29 AM
Attachments:	OFA Lending Policy, December 1997.pdf

Hi

From: John Kim
Sent: Friday, August 18, 2017 8:25 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Here is the OFA's lending policy from 1997. I just got a hold of it on Wednesday.

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

OFA LENDING POLICY:
FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

SCOPE

- This policy addresses lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS and EXCEPTIONS

- Any amendment or exception to this policy must be approved by the OFA Board of Directors.

POLICY RULES

1. Role of OFA as a Lending Intermediary

a. The OFA will not lend funds to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board.

b. The OFA will advance loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan.

c. The OFA will not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

2. OFA Loan Approvals

a. The OFA shall annually approve a borrowing plan for the OFA that identifies:

(i) the OFA's borrowing requirements for the year from the Province and any other sources; and

(ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

b. Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

c. Where the Province has approved the provision of Provincial financial support to a public body, but has not specifically referred to a role for the OFA, the OFA will advance the loan only where:

(i) either the Chief Executive Officer of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

(ii) there is a sufficient allocation for the loan (specifically or as a contingency allocation) in the annual borrowing plan for the OFA approved by the Board.

d. The Board will be advised, at its next regularly scheduled meeting, of any potential or actual deviations from the annual borrowing plan resulting from a loan referred to in paragraph 2(b).

3. OFA Loan Terms and Conditions

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA will adhere to the lending terms and conditions outlined in the Appendix.

4. OFA Loan Reporting Requirements

a. A report outlining the status of all loans outstanding will be tabled with the OFA Board annually and at such other times as the OFA Board requests.

b. For each loan outstanding, such report will identify: the borrower; the authority under which the loan was advanced; the purpose of the loan; the current status of the loan; the principal amount outstanding; the major terms and conditions; and such other information as the OFA Board may request.

SCOPE

- These policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

INTRODUCTION

- The OFA lending policies address the following matters related to loan terms and conditions:

  - conditions precedent
  - advances
  - repayments
  - interest rate
  - loan security

- Since these policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province, they are designed to be consistent with the public policy or economic rationale for the provision of Provincial financial support. In addition, they match commercial lending policies where that is advantageous to the Province.

OFA LOAN TERMS and CONDITIONS

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA should adhere to the lending terms and conditions described in this Appendix.

CONDITIONS PRECEDENT

Commercial Standard

- Prior to making a loan, a commercial lender would ensure that the borrower had sufficient authority to execute the loan.

- Generally, an entity's authority to enter a loan may be determined by a review of its enabling legislation, by-laws and resolutions of its Board of Directors.

Provincial Public Policy or Economic Considerations

- Unlike a commercial lender, the OFA can only lend to public bodies.

- Public bodies are defined in subsection 29(1) of the *Capital Investment Plan Act, 1993* and include scheduled Crown Agencies, colleges and universities, hospitals, municipalities and school boards and an entity included in regulations to the Act.

OFA Lending Policy Rule: Conditions Precedent

1. Prior to lending funds, the OFA will ensure that the borrower is a public body, has the authority to borrow and the Province has agreed to provide it with the requested financial support.

ADVANCES

Commercial Standard

- Loan advances over a number of months and years may be required to finance the development cost for a project. A loan agreement may provide for interest costs to be capitalized during a project development period followed by a term loan to take-out the total capitalized cost of the project. Alternatively, a single loan advance may be required to finance the acquisition of an asset.

- Where a commercial lender is making a secured project loan, it may seek evidence that loan advances are applied to legitimate project expenditures and that the total cost to complete the project have not increased. The lender would generally have the right to take significant action in the event that the borrower did not fulfill its loan obligations.

- Where a commercial lender is making an unsecured loan, such as a revolving line of credit, it is generally less interested in monitoring how the borrower is utilizing the funds because it expects the borrower to be able to repay the loan from its general revenues.

Provincial Public Policy or Economic Considerations

- Where the Province has used the OFA to provide financing to Crown Agents such as the Ontario Transportation Capital Corporation or the Metro Toronto Convention Centre for projects, the Province has continued to rely on the borrowing agency for overall project management. Because the borrowing agency is accountable to the Province, through its Board of Directors, for the prudent management of its expenditures the OFA is not required to monitor the application of funds.

- If the government directed the OFA to provide project financing to Other Public Bodies, it is expected that the OFA should manage such loans in the same manner as would a commercial lender. In this respect, the OFA would need to take adequate steps to ensure the funds were used for the intended purpose and that the project was well managed. The OFA does not currently have the expertise or human resources to provide project financing.

OFA Lending Policy Rule: Advances

1. For loans to Crown Agencies, the OFA will make advances as requested by the borrower pursuant to a loan agreement. The OFA will not monitor the application of funds by the Crown Agency.

2. For loans to Other Public Bodies, the OFA will seek evidence of project costs incurred and project cost to completion prior to making any advance in the same manner as a commercial lender except that, where the Province or one of its agents (ie. ORC) is the project manager, the OFA will make advances as authorized by the borrower and approved by the project manager.

REPAYMENTS

Commercial Standard

- A loan agreement may provide for the loan to be repaid: in a lump sum payment of principal and interest (ie. a zero coupon); on demand by the lender; in periodic payments of principal and interest (ie. an amortizing loan); in periodic payments of interest with bullet payments of interest (ie. a bullet bond or serial debenture): or repaid early by the borrower in whole or in part.

- In a secured loan, the term would generally not exceed the economic life of the asset being financed and may be significantly shorter.

- Some loans provide authority for the borrower to prepay all or a portion of the loan prior to maturity. Prepayment provisions can reduce the value of the loan to the lender because the borrower can, for example, prepay the loan when interest rates decline. A commercial lender would charge for such an option.

- Bank loans generally have a term of not longer than 7 years whereas debt issued in capital markets could have a term of up to 30 years or more.

OFA Lending Policy Rule: Repayments

1. OFA loans to Crown Agencies will have a term not longer than the economic life of the asset being financed and 30 years, whichever is less.

2. OFA loans to Other Public Bodies will have a term not longer than the least of: (a) the economic life of the asset being financed; (b) the term available to the borrower from commercial lenders or in the capital markets; and (c) 30 years.

3. All OFA loans will have a fixed repayment or review date (ie. subject only to early repayment where permitted).

INTEREST RATE

Commercial Standard

- The interest rate on a commercial loan is generally based on the credit worthiness of the borrower and interest rates available in the market.

Provincial Public Policy or Economic Considerations

- The OFA's current practice is to lend to public bodies at the Province's cost of funds, including commissions, plus 25 basis points. In most cases this results in a cost of funds to the public body substantially lower than bank funding.
    - For example, in a demand bank loan a public body would pay an interest rate of roughly 75 to 125 basis points above the Province's cost of funds (eg. Prime minus 50 bp compared to the yield on a 3 month Ontario Treasury-bill) even with an explicit Provincial guarantee.
- Over the past several decades the Office of the Treasury (ie. Predecessor to OFA corporate) has held the view that the Province should recover its full cost of debt service in respect of lending activities. If the lending rate is below the Province's cost of funds then the cost of debt service would be allocated to PDI expense instead of to the respective government program sponsoring the lending activity. The Office of the Treasury established the practice of adding 25 basis points to the Province's cost of funds (excluding commissions because it predated the Province's borrowing in capital markets), for lending activities to meet this objective. Under this policy the Province will continue to earn the same mark-up (ie. 25 basis points above the Province's cost of funds, including dealer commissions).
- The OFA could set the interest rate on loans to public bodies at the cost of funds to the public body without Provincial support (ie. Commercial interest rate).
    - For loans to Crown Agencies (ie. Related parties) there is no economic benefit to the Province for the OFA to charge a commercial rate of interest.

- While charging a commercial interest rate to Other Public Bodies (ie. Non-related parties) could provide an economic benefit to the Province, it would likely be inconsistent with the public policy rationale for providing Provincial financial support to the borrower (eg. would be contrary to the intent of reducing a public body's borrowing costs).

– Establishing a commercial rate of interest would result in additional credit assessment costs.

- The approved OFA accounting policy is to eliminate, from its audited financial statements, all lending transactions with public bodies in which the OFA acts as an intermediary for the Province. In order to be consistent with the OFA's accounting policy, the rate of interest on OFA loans due to the Province will match the rate of interest on its loans receivable from public bodies.

OFA Lending Policy Rule: Interest Rate

1. The interest rate on loans from the OFA will be equal to the Province's cost of funds, including commissions, for a borrowing of equivalent duration, plus 25 basis points.

2. Any options for the borrower to prepay the loan, in whole or in part, will be added to the interest rate cost of the loan.

3. The OFA will match the rate of interest on its loans due to the Province with the rate of interest on its loans receivable from public bodies.

LOAN SECURITY

Commercial Standard

- It is common for commercial lenders to seek security for a loan. Security may be in the form of bankers' acceptances, a mortgage, a lien on personal property. The costs associated with obtaining security for a loan, such as registering a mortgage, are generally paid for by the borrower.

- A loan agreement may include the requirement for the borrower to maintain certain performance financial ratios or debt reserves. In such cases, the lender needs to establish appropriate compliance controls and take action if the borrower does not comply.

Provincial Public Policy or Economic Considerations

- In some cases it is not clear that a lender could, in the event of a default, realize the security in a loan to certain public bodies. For example:

  - Under the *Municipal Act*, municipalities do not have the explicit authority to mortgage their real property.
  - Under the *Proceedings Against the Crown Act*, there may be restrictions on the ability of a lender to seize property belonging to a Crown Agency.

- The Province could seek an intercept of any Provincial grants payable to a public body as additional security for a loan. While there is no precedent for executing such an intercept, it is likely that considerable pressure would be exerted to prevent the Province from intercepting Provincial revenues. Alternatively, the Province could request that should the public body default on its loan the responsible Ministry would repay the loan from within its allocation.

- It is unlikely that the Province would benefit from the OFA seeking to enforce a security interest against another Crown Agency. If a Crown Agency defaulted on a loan from the OFA, the Province could resolve the matter.

OFA Lending Policy Rule: Loan Security

1. For loans to Crown Agencies, the OFA will lend on an unsecured basis, unless there is an economic benefit to the Province of the OFA obtaining loan security.

2. For loans to Other Public Bodies, the OFA will require the same level of loan security as would a commercial lender. This is a matter of judgement and will be evaluated on a case by case basis.

3. For loans to Other Public Bodies, the OFA will obtain an intercept of any Provincial grants or rebates receivable by the borrower as loan security, in addition to the security provided by rule 2.

To:	Lisa Stein
Subject:	FW: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 9:27:29 AM
Attachments:	OFA Lending Policy, December 1997.pdf

Hi

From: John Kim
Sent: Friday, August 18, 2017 8:25 AM
To: Malle Hanslep (MOF) ; Lisa Stein
Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell ; Bruno Amara ; Shajee Kathirgamanathan
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Here is the OFA's lending policy from 1997. I just got a hold of it on Wednesday.

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-

mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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OFA LENDING POLICY:
FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

SCOPE

- This policy addresses lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS and EXCEPTIONS

- Any amendment or exception to this policy must be approved by the OFA Board of Directors.

POLICY RULES

1. Role of OFA as a Lending Intermediary

a. The OFA will not lend funds to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board.

b. The OFA will advance loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan.

c. The OFA will not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

2. OFA Loan Approvals

a. The OFA shall annually approve a borrowing plan for the OFA that identifies:

(i) the OFA's borrowing requirements for the year from the Province and any other sources; and

(ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

b. Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

c. Where the Province has approved the provision of Provincial financial support to a public body, but has not specifically referred to a role for the OFA, the OFA will advance the loan only where:

(i) either the Chief Executive Officer of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

(ii) there is a sufficient allocation for the loan (specifically or as a contingency allocation) in the annual borrowing plan for the OFA approved by the Board.

d. The Board will be advised, at its next regularly scheduled meeting, of any potential or actual deviations from the annual borrowing plan resulting from a loan referred to in paragraph 2(b).

3. OFA Loan Terms and Conditions

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA will adhere to the lending terms and conditions outlined in the Appendix.

4. OFA Loan Reporting Requirements

a. A report outlining the status of all loans outstanding will be tabled with the OFA Board annually and at such other times as the OFA Board requests.

b. For each loan outstanding, such report will identify: the borrower; the authority under which the loan was advanced; the purpose of the loan; the current status of the loan; the principal amount outstanding; the major terms and conditions; and such other information as the OFA Board may request.

SCOPE

- These policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

INTRODUCTION

- The OFA lending policies address the following matters related to loan terms and conditions:

  - conditions precedent
  - advances
  - repayments
  - interest rate
  - loan security

- Since these policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province, they are designed to be consistent with the public policy or economic rationale for the provision of Provincial financial support. In addition, they match commercial lending policies where that is advantageous to the Province.

OFA LOAN TERMS and CONDITIONS

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b. Otherwise, the OFA should adhere to the lending terms and conditions described in this Appendix.

CONDITIONS PRECEDENT

Commercial Standard

- Prior to making a loan, a commercial lender would ensure that the borrower had sufficient authority to execute the loan.

- Generally, an entity's authority to enter a loan may be determined by a review of its enabling legislation, by-laws and resolutions of its Board of Directors.

Provincial Public Policy or Economic Considerations

- Unlike a commercial lender, the OFA can only lend to public bodies.

- Public bodies are defined in subsection 29(1) of the *Capital Investment Plan Act, 1993* and include scheduled Crown Agencies, colleges and universities, hospitals, municipalities and school boards and an entity included in regulations to the Act.

OFA Lending Policy Rule: Conditions Precedent

1. Prior to lending funds, the OFA will ensure that the borrower is a public body, has the authority to borrow and the Province has agreed to provide it with the requested financial support.

ADVANCES

Commercial Standard

- Loan advances over a number of months and years may be required to finance the development cost for a project. A loan agreement may provide for interest costs to be capitalized during a project development period followed by a term loan to take-out the total capitalized cost of the project. Alternatively, a single loan advance may be required to finance the acquisition of an asset.

- Where a commercial lender is making a secured project loan, it may seek evidence that loan advances are applied to legitimate project expenditures and that the total cost to complete the project have not increased. The lender would generally have the right to take significant action in the event that the borrower did not fulfill its loan obligations.

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- If the government directed the OFA to provide project financing to Other Public Bodies, it is expected that the OFA should manage such loans in the same manner as would a commercial lender. In this respect, the OFA would need to take adequate steps to ensure the funds were used for the intended purpose and that the project was well managed. The OFA does not currently have the expertise or human resources to provide project financing.

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2. For loans to Other Public Bodies, the OFA will seek evidence of project costs incurred and project cost to completion prior to making any advance in the same manner as a commercial lender except that, where the Province or one of its agents (ie. ORC) is the project manager, the OFA will make advances as authorized by the borrower and approved by the project manager.

REPAYMENTS

Commercial Standard

- A loan agreement may provide for the loan to be repaid: in a lump sum payment of principal and interest (ie. a zero coupon); on demand by the lender; in periodic payments of principal and interest (ie. an amortizing loan); in periodic payments of interest with bullet payments of interest (ie. a bullet bond or serial debenture): or repaid early by the borrower in whole or in part.

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- Some loans provide authority for the borrower to prepay all or a portion of the loan prior to maturity. Prepayment provisions can reduce the value of the loan to the lender because the borrower can, for example, prepay the loan when interest rates decline. A commercial lender would charge for such an option.

- Bank loans generally have a term of not longer than 7 years whereas debt issued in capital markets could have a term of up to 30 years or more.

OFA Lending Policy Rule: Repayments

1. OFA loans to Crown Agencies will have a term not longer than the economic life of the asset being financed and 30 years, whichever is less.

2. OFA loans to Other Public Bodies will have a term not longer than the least of: (a) the economic life of the asset being financed; (b) the term available to the borrower from commercial lenders or in the capital markets; and (c) 30 years.

3. All OFA loans will have a fixed repayment or review date (ie. subject only to early repayment where permitted).

INTEREST RATE

Commercial Standard

- The interest rate on a commercial loan is generally based on the credit worthiness of the borrower and interest rates available in the market.

Provincial Public Policy or Economic Considerations

- The OFA's current practice is to lend to public bodies at the Province's cost of funds, including commissions, plus 25 basis points. In most cases this results in a cost of funds to the public body substantially lower than bank funding.
    - For example, in a demand bank loan a public body would pay an interest rate of roughly 75 to 125 basis points above the Province's cost of funds (eg. Prime minus 50 bp compared to the yield on a 3 month Ontario Treasury-bill) even with an explicit Provincial guarantee.
- Over the past several decades the Office of the Treasury (ie. Predecessor to OFA corporate) has held the view that the Province should recover its full cost of debt service in respect of lending activities. If the lending rate is below the Province's cost of funds then the cost of debt service would be allocated to PDI expense instead of to the respective government program sponsoring the lending activity. The Office of the Treasury established the practice of adding 25 basis points to the Province's cost of funds (excluding commissions because it predated the Province's borrowing in capital markets), for lending activities to meet this objective. Under this policy the Province will continue to earn the same mark-up (ie. 25 basis points above the Province's cost of funds, including dealer commissions).
- The OFA could set the interest rate on loans to public bodies at the cost of funds to the public body without Provincial support (ie. Commercial interest rate).
    - For loans to Crown Agencies (ie. Related parties) there is no economic benefit to the Province for the OFA to charge a commercial rate of interest.

- While charging a commercial interest rate to Other Public Bodies (ie. Non-related parties) could provide an economic benefit to the Province, it would likely be inconsistent with the public policy rationale for providing Provincial financial support to the borrower (eg. would be contrary to the intent of reducing a public body's borrowing costs).

– Establishing a commercial rate of interest would result in additional credit assessment costs.

- The approved OFA accounting policy is to eliminate, from its audited financial statements, all lending transactions with public bodies in which the OFA acts as an intermediary for the Province. In order to be consistent with the OFA's accounting policy, the rate of interest on OFA loans due to the Province will match the rate of interest on its loans receivable from public bodies.

OFA Lending Policy Rule: Interest Rate

1. The interest rate on loans from the OFA will be equal to the Province's cost of funds, including commissions, for a borrowing of equivalent duration, plus 25 basis points.

2. Any options for the borrower to prepay the loan, in whole or in part, will be added to the interest rate cost of the loan.

3. The OFA will match the rate of interest on its loans due to the Province with the rate of interest on its loans receivable from public bodies.

LOAN SECURITY

Commercial Standard

- It is common for commercial lenders to seek security for a loan. Security may be in the form of bankers' acceptances, a mortgage, a lien on personal property. The costs associated with obtaining security for a loan, such as registering a mortgage, are generally paid for by the borrower.

- A loan agreement may include the requirement for the borrower to maintain certain performance financial ratios or debt reserves. In such cases, the lender needs to establish appropriate compliance controls and take action if the borrower does not comply.

Provincial Public Policy or Economic Considerations

- In some cases it is not clear that a lender could, in the event of a default, realize the security in a loan to certain public bodies. For example:

  - Under the *Municipal Act*, municipalities do not have the explicit authority to mortgage their real property.
  - Under the *Proceedings Against the Crown Act*, there may be restrictions on the ability of a lender to seize property belonging to a Crown Agency.

- The Province could seek an intercept of any Provincial grants payable to a public body as additional security for a loan. While there is no precedent for executing such an intercept, it is likely that considerable pressure would be exerted to prevent the Province from intercepting Provincial revenues. Alternatively, the Province could request that should the public body default on its loan the responsible Ministry would repay the loan from within its allocation.

- It is unlikely that the Province would benefit from the OFA seeking to enforce a security interest against another Crown Agency. If a Crown Agency defaulted on a loan from the OFA, the Province could resolve the matter.

OFA Lending Policy Rule: Loan Security

1. For loans to Crown Agencies, the OFA will lend on an unsecured basis, unless there is an economic benefit to the Province of the OFA obtaining loan security.

2. For loans to Other Public Bodies, the OFA will require the same level of loan security as would a commercial lender. This is a matter of judgement and will be evaluated on a case by case basis.

3. For loans to Other Public Bodies, the OFA will obtain an intercept of any Provincial grants or rebates receivable by the borrower as loan security, in addition to the security provided by rule 2.

From:	Linda Smith
To:	Sarah Harris
Subject:	FW: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Thursday, June 29, 2017 11:18:06 AM
Attachments:	AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Would you like me to send this over to OPG or do you want to wait until Kelly comes back?

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe ; Linda Smith
Cc: Sarah Harris
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of ~~February~~June, 2017.

Commented [LS1]: Update

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $~~200~~300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total principal amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond~~s~~ ("Benchark Bond") ~~as published by Bloomberg RBCB~~, as determined by OEFC for the term specified in the applicable Borrowing Notice ~~of Borrowing~~ and includes all costs of borrowing, including applicable fees and commissions. ~~The yield for the Benchmark Government of Canada bonds will be determined based on the Benchmark Government of Canada bonds sold by OEFC for the purposes of hedging this borrowing.~~ In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, ~~there are no Benchmark Government of Canada bonds listed at the time of the Advance with the same term~~, the rate shall be established by OEFC by ~~will be~~ interpolatinge~~d using the Bloomberg RBCB as of the Business Day immediately preceding the Advance Date by interpolating~~ the terms of ~~the~~ two Government of Canada ~~Benchmark Government of Canada bb~~onds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

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4.5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

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OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO ELECTRICITY FINANCIAL CORPORATION	**ONTARIO POWER GENERATION INC.**
By: _____	By: _____
Name: Michael D. Manning	Name: Ken Hartwick

Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

Title: Chief Operating Officer

I have the authority to bind the corporation.

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

To:	Kelly Listoe
Subject:	FW: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Tuesday, July 18, 2017 10:39:42 AM

Good morning, Kelly.

Thanks for the update

From: Sarah Neville
Sent: Monday, July 17, 2017 9:30 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Kelly – As per your instructions I will comment only on the proposed amendment to section 5 of Amending Agreement No. 3.

Assuming that the SPV would qualify as a Material Subsidiary under the Credit Facility, the significant legal impact of the proposed amendment with respect to carving out the SPV from the definition of Subsidiary is with respect to how Events of Default and related remedies are determined under the Credit Facility and in particular with respect to Section 5.1(g). The cross-default provisions in any credit facility are designed to preserve a creditor's rights/value at the earliest possible point that the borrower becomes financially unsound across any of its business lines or becomes unable to meet its other debt obligations.

With the proposed amendment, the financial health/solvency of the SPV would not be a factor in triggering an Event of Default under the Credit Facility, even if the SPV becomes insolvent. I am not aware of the structure and funding of the SPV and whether or not OPG has any responsibilities/obligations in this regard, but if funding the SPV could be deemed "Other General Corporate Requirements" under the Credit Facility, then it is possible the Credit Facility could be used to continue to fund an entity that is otherwise insolvent and would otherwise have triggered an Event of Default. OFA would have no lens into the solvency status of the SPV as a result of this structure.

Provided the respective business advisors on this matter understand the implications of this carve out for the administration of the loan, and have considered the related risks given their knowledge of the structure and purpose of the SPV and its relationship to OPG, I have no further comments.

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority

1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Kelly Listoe
Sent: Monday, July 17, 2017 8:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Sarah – the only new item to review is the addition of the subsidiary exclusion – everything else has been reviewed and agreed on by Lisa, Linda and myself. So you know, both Linda and John Kim's group are fine with excluding the Special Purpose Vehicle from the definition of subsidiary. The OFA, OPG and MOE have been working on the structure of the electricity rate reduction program for some time now.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Neville
Sent: Thursday, July 13, 2017 4:39 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly – I am looking at this, I hope to have a response to you tomorrow.

Sarah

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Amending Agreement 10
Date:	Monday, June 26, 2017 1:48:37 PM
Attachments:	IESO_OFA Amendment No 10.doc

Hello Lisa,

I have made the revisions referenced below. Please review and comment.

Thanks,

Will

From: Sarah Harris
Sent: Monday, June 26, 2017 10:50 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10

HI Will,

I think if you actually put CDN in all recital references, that would be good.

Thanks,

Sarah

From: Sarah Harris
Sent: Monday, June 26, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10

HI Will,

Would you please also add CDN in front of $475 million in the penultimate recital.

Also, in the 3rd recital, please insert the date of the grid note.

Thanks,

Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Amending Agreement 10

Hi William,

I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.

Thanks,

Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10

Good morning Lisa,

Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.

Thanks,

Will

From: Lisa Stein

Sent: Tuesday, June 13, 2017 4:01 PM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000 ~~million~~, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000 ~~million~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to CDN $975,000,000 ~~million~~ and the OPA issued a grid note dated November ~~July~~ 30~~1~~, 2016~~7~~ ~~[INSERT]~~ to the OFA for a principal amount of up to CDN $975,000,000 ~~million~~ (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~c~~operating facility is CDN $(·);

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN ~~$~~975,000,000 ~~million~~,~~000,000~~ to a principal amount of up to CDN $475,000,000 ~~million~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " CDN $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to CDN $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Insert amount once determined

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to CDN $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: Amending Agreement 10
Date:	Monday, June 26, 2017 10:39:27 AM

From: Sarah Harris
Sent: Monday, June 26, 2017 9:19 AM
To: William Tan
Subject: RE: Amending Agreement 10

Thanks, Will.

Some parts of the agreement have references to the numbers such as "million" vs "000,000", and there is a reference to CDN on one principal amount and not the others. (For example "**AND WHEREAS** the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN $975,000,000 to a principal amount of up to $475 million). For consistency, could please streamline the referencing, as appropriate. You'll want to look at the relevant sections of the agreements to see if there is a preferred format.

In Section 2, the principal amount of $475,000 needs to have the 3 zeroes added at the end.

Once you've finished, please send the revised note to Lisa again and copy me. We want to get this out to Anthony today.

Thanks,

Sarah

From: William Tan
Sent: Friday, June 23, 2017 4:19 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10

Hi Sarah,

Please find the revised Amending Agreement 10. According to Risa, if there are no new requests for advancements the balance is the same as the two grid notes sent to Olga. I asked who would cross out and initial the incorrect $975,000,000 Loan Limit and she offered to create a new grid not correcting this. She says a correction will take very little time.

I suspect Anthony of IESO can provide with the as-of-date to include in the Amending Agreement.

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Amending Agreement 10
Date:	Monday, June 26, 2017 5:07:57 PM
Attachments:	IESO_OFA Amendment No 10.doc

Hello Lisa,
I have included the changes we discussed. Please review and comment.
Thanks,
Will

From: William Tan
Sent: Monday, June 26, 2017 4:21 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Amending Agreement 10
AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to CDN $975,000,000 and the OPA issued a grid note dated July 1, 2017 to the OFA for a principal amount of up to CDN $975,000,000 (the "Grid Note");

From: William Tan
Sent: Monday, June 26, 2017 1:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Amending Agreement 10
Hello Lisa,
I have made the revisions referenced below. Please review and comment.
Thanks,
Will

From: Sarah Harris
Sent: Monday, June 26, 2017 10:50 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
I think if you actually put CDN in all recital references, that would be good.
Thanks,
Sarah

From: Sarah Harris
Sent: Monday, June 26, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
Would you please also add CDN in front of $475 million in the penultimate recital.
Also, in the 3rd recital, please insert the date of the grid note.

Thanks,
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Amending Agreement 10

Hi William,

I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.

Thanks,
Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10

Good morning Lisa,

Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.

Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**, the terms defined therein being used herein as therein defined");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to ~~CDN~~ $975,000,000 and the OPA issued a grid note dated October ~~November~~ 11~~30~~, 20~~05~~, which was replaced by grid note December 20, 2013, which was ~~later~~ replaced by grid~~e~~ note November 30, 2016~~16~~ to the OFA for a principal amount of up to ~~CDN~~ $975,000,000 (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the operating facility is ~~CDN~~ $(·);

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from ~~CDN~~ $975,000,000 to a principal amount of up to ~~CDN~~ $475,000,000;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Insert amount once determined

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to ~~CDN~~ $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: William Tan
To: Sarah Harris
Subject: FW: Amending Agreement
Date: Thursday, July 20, 2017 11:41:05 AM
Attachments: RE IESO OFA new FH credit facility.msg
OFA Credit Facility to IESO - reduction from $975-$475.msg

Hi Sarah,

I didn't get a sign-off from Sarah N for my email sent on Sunday evening . I'll send Sarah N, a follow-up email after I include Gavin's proposed "use of proceeds" wording as we just received Electricity's sign-off.

Should I follow up with Toby or is that just an overabundance of caution?

From: Sarah Harris
Sent: Thursday, July 20, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Amending Agreement

Hi Will,

Other than the Use of Proceeds, have all of OFA comments been finalized on the Amending Agreement and is the draft in a form that can be sent back to Anthony?

Thanks,
Sarah

From: William Tan []
To: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Sunday, July 16, 2017 14:38:25
Attachment 1: OFA IESO Amending Agreement 10.docx
Attachment 2: compare.docx

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM

To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>

Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza

<Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the~~"), OPA ~~and~~or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS**~~ effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* ~~(the "Amalgamation")~~ with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO,

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~ In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.
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20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.
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Total Principal Advanced	$114,383,131.40

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

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Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
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Total Principal Advanced	**$114,383,131.40**

From: Sarah Neville []
To: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: OFA Credit Facility to IESO - reduction from $975-$475
Date: Tuesday, July 18, 2017 09:37:24
Attachment 1: RE: IESO : OFA new FH credit facility

Hi Toby,

Hope you are having a good summer. Lisa is away and I am trying to move the IESO credit facility agreements forward in her absence. I understand that you have been involved in the new $2 billion line to fund the FHP. We are expecting feedback from IESO on that agreement in the next week or so, but in the meantime an issue has come up in respect of the "use of proceeds" under the other credit facility (the one being reduced to $475).

IESO has requested that the "use of proceeds" clauses in the Credit Facility be amended to simply permit borrowing for any purpose authorized by the Regulation. The IESO is currently using this line to fund FHP (which is permitted). In my view this would still be permitted under the reduced line even without the proposed change to the use of proceeds.

I am forwarding you an e-mail (attached) which includes what the ask is, the language in the current use of proceeds section, what the Regulation says and what the act permits. I am also forwarding (below in this e-mail) Sarah Harris' good summary of where all the loose ends have been tied up or remain loose. I realize you did not advise on this aspect of the FHP financing but I thought it might be prudent for you to be aware of this dynamic in the context of the $2billion line, in the event that what is being proposed is somehow problematic or inconsistent with what was envisioned/approved. I don't expect so, but want to make sure we are covering the basis.

Please let us know if you have any concerns or issues we should be aware of.

Thanks very much,

Sarah

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO Directives

Hi Sarah (N) and Will,

I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.

From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.

2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing facility, nor was any direction given on this matter.

If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.

I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,

Sarah H

From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 17, 2017 16:52:55

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are

determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was

important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From: William Tan
To: Sarah Harris
Subject: FW: Amending Agreement
Date: Thursday, July 20, 2017 11:41:05 AM
Attachments: RE IESO OFA new FH credit facility.msg
OFA Credit Facility to IESO - reduction from $975-$475.msg

Hi Sarah,

I didn't get a sign-off from Sarah N for my email sent on Sunday evening . I'll send Sarah N, a follow-up email after I include Gavin's proposed "use of proceeds" wording as we just received Electricity's sign-off.

Should I follow up with Toby or is that just an overabundance of caution?

From: Sarah Harris
Sent: Thursday, July 20, 2017 11:25 AM
To: William Tan
Subject: Amending Agreement

Hi Will,

Other than the Use of Proceeds, have all of OFA comments been finalized on the Amending Agreement and is the draft in a form that can be sent back to Anthony?

Thanks,

Sarah

From: William Tan []
To: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Sunday, July 16, 2017 14:38:25
Attachment 1: OFA IESO Amending Agreement 10.docx
Attachment 2: compare.docx

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Subject: FW: IESO : OFA new FH credit facility

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Sarah

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

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Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>

Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

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1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

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Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza

<Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the~~"), OPA ~~and~~or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS**~~ effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* ~~(the "Amalgamation")~~ with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO,

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~ In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.

Total Principal Advanced	$114,383,131.40

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Sarah Neville []
To: Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: OFA Credit Facility to IESO - reduction from $975-$475
Date: Tuesday, July 18, 2017 09:37:24
Attachment 1: RE: IESO : OFA new FH credit facility

Hi Toby,

Hope you are having a good summer. Lisa is away and I am trying to move the IESO credit facility agreements forward in her absence. I understand that you have been involved in the new $2 billion line to fund the FHP. We are expecting feedback from IESO on that agreement in the next week or so, but in the meantime an issue has come up in respect of the "use of proceeds" under the other credit facility (the one being reduced to $475).

IESO has requested that the "use of proceeds" clauses in the Credit Facility be amended to simply permit borrowing for any purpose authorized by the Regulation. The IESO is currently using this line to fund FHP (which is permitted). In my view this would still be permitted under the reduced line even without the proposed change to the use of proceeds.

I am forwarding you an e-mail (attached) which includes what the ask is, the language in the current use of proceeds section, what the Regulation says and what the act permits. I am also forwarding (below in this e-mail) Sarah Harris' good summary of where all the loose ends have been tied up or remain loose. I realize you did not advise on this aspect of the FHP financing but I thought it might be prudent for you to be aware of this dynamic in the context of the $2billion line, in the event that what is being proposed is somehow problematic or inconsistent with what was envisioned/approved. I don't expect so, but want to make sure we are covering the basis.

Please let us know if you have any concerns or issues we should be aware of.

Thanks very much,

Sarah

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO Directives

Hi Sarah (N) and Will,

I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.

From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.

2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing facility, nor was any direction given on this matter.

   If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.

   I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,
Sarah H

From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 17, 2017 16:52:55

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are

determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was

important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Jean-Francois Beaupre
To:	Sarah Harris
Subject:	FW: Balance of existing $975MM Agreement
Date:	Tuesday, July 25, 2017 3:27:48 PM

FYI

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 2:20 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Balance of existing $975MM Agreement

Okay thanks Will. I am also curious to know when the $260M FH amount for May and June will be drawn against the $475MM since it appears from below that was to occur in mid-July.

Thanks,
JF

Per Victor's previous email:

The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

From: William Tan
Sent: Tuesday, July 25, 2017 2:18 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: Balance of existing $975MM Agreement

Hello JF,

The current balance owed, not including interest is $138,813,780.47.
This is arrived by combining the amounts due on Aug 21, 2017.

I don't know what Victor is going to discuss in regards to the Delegation of Authority. I was only speculating that they may suggest an alternative document.

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 2:06 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Balance of existing $975MM Agreement

Yes please, I just want to be clear on both these items before the call.

Thanks,
JF

From: William Tan
Sent: Tuesday, July 25, 2017 2:05 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: Balance of existing $975MM Agreement

Hi JF,

Do you still need these?

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 1:57 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Balance of existing $975MM Agreement

Hi Will,

What is the current balance borrowed under the $975MM Agreement for my reference?

Also, I am not clear on your suggestion to Lisa Stein this morning about "*anticipating that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority?"* I am just curious to understand this since my interpretation of Victor's emails is that he does not think the Delegation of Authority is required.

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Thanks,

JF

From:	William Tan
To:	Sarah Harris
Subject:	FW: Borrowing Notice & Election Notice
Date:	Friday, August 11, 2017 5:13:04 PM

I forgot to mention.

On Monday, I'll speak to Carlos to understand the process of the Borrowing Notice to determine if "(d) IESO confirms it will be paying interest ….." is necessary on the Borrowing Notice.

From: William Tan
Sent: Friday, August 11, 2017 5:00 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Borrowing Notice & Election Notice

Hi Sarah,

Below, is the back-ground information on how the place holder language on the RPP and RRRP came to be.
Attached are the actual Election Notices.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 02, 2017 11:06 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments

fyi

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments

Hi JF and Will,

Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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Thank you,
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Lisa N. Stein
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From: Sarah Harris on behalf of William Tan
To: Opal Kandelas; Sarah Harris; Lisa Stein; Bruno Amara; John Kim; Gavin He; Tobias P. Whitfield (MOF)
Subject: FW: Conference call re FHP Agreement
Attachments: conference call re FHP Agreement.msg

-----Original Appointment-----
From: William Tan
Sent: Tuesday, August 08, 2017 6:55 PM
To: William Tan; Sarah Harris; Lisa Stein; Bruno Amara; John Kim; Gavin He; Tobias P. Whitfield (MOF)
Subject: Conference call re FHP Agreement
When: Wednesday, August 09, 2017 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CEO

The conference line is provided below.
(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]
Subject: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:17

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

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Where: Boardroom CEO

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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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Thank you,

Lisa

To:	Kelly Listoe
Subject:	FW: Credit Spread for August 22, 2017 30-Year Loan
Date:	Monday, August 21, 2017 12:54:52 PM
Attachments:	$100 m loan August 22, 2017 Signed.pdf 30-yr loan calculations_Aug 22,2017.pdf Bloomberg RBCB.gif

---

Hi Kelly,
Just touching base that you're able to admi

From: Kevin Shvarts
Sent: Monday, August 21, 2017 11:07 AM
To: 'LEE John -TREASURY' ; 'LIU Sheen -TREASURY' ; 'RYFA Ken -TREASURY'
Cc: Mike Manning ; Linda Smith ; Sarah Harris ; Brett Kichiy ; Jean-Francois Beaupre ; Kelly Listoe ; Ryan Blackbyrne
Subject: RE: Credit Spread for August 22, 2017 30-Year Loan
Hello,
Please find attached the details and pricing of the Advance dated August 22, 2017.
Thanks,
Kevin Shvarts, CFA
Investment Analyst, Nuclear Funds
Ontario Financing Authority
T: 416-325-9288
E: Kevin.Shvarts@ofina.on.ca

From: Kevin Shvarts
Sent: Thursday, August 17, 2017 10:31 AM
To: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'LIU Sheen -TREASURY' <sheen.liu@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Brett Kichiy <Brett.Kichiy@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Credit Spread for August 22, 2017 30-Year Loan
Hello,
The credit spread for the August 22, 2017 30-year loan is **151.75** bps.
I will be sending the pricing and full details on August 21st.
Thanks,
Kevin Shvarts, CFA
Investment Analyst, Nuclear Funds
Ontario Financing Authority
T: 416-325-9288
E: Kevin.Shvarts@ofina.on.ca

Ontario Electricity Financial Corporation
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Société financière de l'industrie de l'électricité de l'Ontario
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

(416) 325-8000

Phone: (416) 325-8000

August 21, 2017

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X8

Attention: John Lee
Vice-President Treasurer

Dear John:

Re: Advance of $100,000,000.00 dated August 22, 2017 maturing August 22, 2047 (the "Advance") pursuant to the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between Ontario Power Generation Inc. ("OPG") and Ontario Electricity Financial Corporation ("OEFC") (the "Agreement"), to provide financing for Other General Corporate Requirements.

Further to the Form of Borrowing Notice received by OEFC on August 8, 2017 from OPG requesting the Advance of $100,000,000.00 on August 22, 2017 (the "Advance Date"), and pursuant to Section 3.2 of the above referenced Agreement, please be advised that the applicable interest rate on the Advance will be 3.858% being the aggregate of the applicable Base Rate of 2.3405%, and the Applicable Spread of 151.75 basis points.

Regards,

James Devine
Director, Funding, Capital Markets
Capital Markets Division
Ontario Financing Authority

OPG LOAN - 30-Year

STEP 1: Loan Details

OPG Debt Issue Details	
Pricing Date	21-Aug-17
Maturity	22-Aug-47
Original Issue Date	22-Aug-17
Term (yrs)	30
Original Issue Size	$100,000,000

Other General Corporate Requirements

STEP 2: DETERMINE CANADA CURVE ADJUSTMENT

Canada Bonds Used to Interpolate

Source: Bloomberg RBCB ***** Bid side of market**

Settlement: **21-Aug-17**

Coupon	Maturity	Yield	Price
5.00%	6/1/2037	2.236	143.974
4.00%	6/1/2041	2.306	130.869
3.50%	12/1/2045	2.322	124.322
2.75%	12/1/2048	2.300	110.000

Canada Curve Adjustment to Bond Maturity Date

Interp To	Interpolated CAD Yld	Curve Adj off first bond
22-Aug-2047	2.3094	-0.0126

STEP 3: DETERMINE BASE RATE

Canada Bond Yield	2.3220
Curve Adjustment	-0.0126
Adjusted Cda Bond Yield	2.3094
Commission	0.0311
Base Rate	2.3405
OPG Credit Spread	1.5175
OPG Interest Rate on Debt	3.8580

Commission Calculation

Price Method:		
Commission	0.550	cents
Hyp Coupon Rate	3.827	
Price after commissions	99.450	
Yield	3.858%	
Commission in bps	0.031	
Modified Duration Method:		
	17.751	
Commission in bps	0.031	

***based on Ontario's commissions

***coupon rate based on GOC + OPG credit spread

RBC Capital Markets®

RBC Dominion Securities Rates

66) MSG Contributor 10:03:38

Zoom 100%

Royal Bank of Canada -> RBC North America (RBCZ/RBCY) -> CAD Government Pricing -> Government & Provincial Bonds (GDCO 3791 1)

			Yield		Bid Px		
Description	Bid	Ask	Bid	Ask	Change	Duration	Time
1) CAN 0 ¾ 08/01/19	99.055	99.065	1.244	1.239	-0.005	1.917	09:58
2) CAN 1 ½ 03/01/20	100.554	100.584	1.276	1.264	-0.008	2.454	09:58
3) CAN 0 ¾ 09/01/20	98.275	98.305	1.334	1.324	-0.008	2.962	09:58
4) CAN 0 ¾ 03/01/21	97.857	97.887	1.375	1.367	-0.010	3.445	09:58
5) CAN 0 ¾ 09/01/21	97.352	97.392	1.430	1.419	-0.010	3.926	09:58
6) CAN 0 ½ 03/01/22	95.670	95.710	1.494	1.484	-0.010	4.431	09:58
7) CAN 2 ¾ 06/01/22	105.710	105.760	1.505	1.494	-0.017	4.453	09:57
8) CAN 1 09/01/22	97.401	97.441	1.540	1.531	-0.012	4.852	09:57
9) CAN 1 ½ 06/01/23	99.402	99.452	1.609	1.600	-0.015	5.486	09:57
10) CAN 2 ½ 06/01/24	105.174	105.224	1.688	1.680	-0.021	6.200	09:58
11) CAN 2 ¼ 06/01/25	103.645	103.695	1.746	1.739	-0.032	7.089	09:58
12) CAN 1 ½ 06/01/26	97.486	97.536	1.811	1.805	-0.033	8.140	09:58
13) CAN 1 06/01/27	92.245	92.295	1.872	1.866	-0.025	9.201	10:00
14) CAN 2 06/01/28	100.531	100.581	1.945	1.940	-0.041	9.640	09:58
15) CAN 5 ¾ 06/01/29	139.201	139.301	1.996	1.988	-0.048	9.065	09:58
16) CAN 5 ¾ 06/01/33	148.411	148.541	2.122	2.114	-0.187	11.376	10:00
17) CAN 5 06/01/37	143.974	144.124	2.236	2.228	-0.216	13.785	10:00
18) CAN 4 06/01/41	130.869	130.989	2.306	2.300	-0.231	16.388	10:00
19) CAN 3 ½ 12/01/45	124.322	124.442	2.322	2.317	-0.253	18.970	10:00
20) CAN 2 ¾ 12/01/48	110.000	110.120	2.300	2.295	-0.250	21.333	10:00

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From:	William Tan
To:	Sarah Harris
Subject:	FW: Directive signing
Date:	Thursday, August 31, 2017 10:52:49 AM

---

fyi

From: John Kim
Sent: Thursday, August 31, 2017 10:52 AM
To: William Tan
Subject: RE: Directive signing

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To: John Kim <John.Kim@ofina.on.ca>
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If we waited for the minister to return from holiday, when would you suspect they would sign it?
Thanks,
Will

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> John
> Y. John Kim
> Director, Electricity Finance Branch
> Ontario Financing Authority
> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From:	William Tan
To:	Sarah Harris
Subject:	FW: Directive signing
Date:	Thursday, August 31, 2017 9:27:55 AM

---

fyi

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From:	William Tan
To:	Sarah Harris
Subject:	FW: Directive signing
Date:	Wednesday, August 30, 2017 2:49:34 PM

---

fyi
As of 1:59pm.

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Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Sarah Harris
To: Opal Kandelas
Subject: FW: Directive signing
Date: Tuesday, August 29, 2017 3:52:37 PM

From: John Kim
Sent: Tuesday, August 29, 2017 3:31 PM
To: William Tan
Cc: Bruno Amara ; Lisa Stein ; Sarah Harris ; Caroline Swerdlyk ; Sarah Neville
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> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From:	Sarah Harris
To:	Caroline Swerdlyk; Sarah Neville
Cc:	William Tan
Subject:	FW: Directive signing
Date:	Thursday, August 31, 2017 10:54:22 AM

Hi Caroline and Sarah,
Please see current status of directive in yellow below.
Sarah H.

From: William Tan
Sent: Thursday, August 31, 2017 10:53 AM
To: Sarah Harris
Subject: FW: Directive signing
fyi

From: John Kim
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> Y. John Kim
> Director, Electricity Finance Branch
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> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From: Jean-Francois Beaupre
To: Sarah Harris
Subject: FW: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:16:39 AM

FYI, I had to ask Will to try to clarify the cash flow requirements since the $260M that was mentioned for 'mid-July' has yet to be drawn.

From: William Tan
Sent: Wednesday, July 26, 2017 9:07 AM
To: Jean-Francois Beaupre ; Lisa Stein ; Kelly Listoe
Cc: Sarah Neville ; Sarah Harris
Subject: FHP & AA10 time table update

Update:
I emailed Anthony yesterday to better understand his cashflow requirements for mid-August.
IESO is a day late in providing the FHP Credit Facility Agreement. I have moved the dates down by one business day but kept the same deadline of August 4.
Time Table v2

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
~~July 25~~	~~Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.~~	~~Documentation~~
~~July 25~~	~~AA10 set up and attended call. Small legal editorial matters.~~	~~Documentation/OFA Legal/IESO Legal~~
~~July 25~~	~~Reviewed Resolution of the Board of Directors, Certificate of Incumbency.~~	~~Documentation/OFA Legal~~
July 25	Cashflow requirements, contacted Anthony to understand his cashflow requirements for mid-Aug.	Documentation
July 26	FHP Credit Facility, receive comments from IESO.	IESO
July 27	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 27	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 28, 31	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
Aug 1	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 2	AA10, executed by IESO and send physical signatures OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Jean-Francois Beaupre
To: Sarah Harris
Subject: FW: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:14:30 AM

FYI

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 9:14 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP & AA10 time table update

Hi Will,

This timeline is something you drafted/designed internally and neither the OFA nor IESO are bound by it.

If it is helpful to you to keep track of your 'target deadline', that is fine, but it does not need to be circulated to OFA Legal as a result of IESO being 'one day late' based on your estimate completion date. This ties into my previous message about sending a large volume of emails.

Victor actually mentioned at the end of the call yesterday that he understands we want this done quickly and Sarah Neville replied that this is a top priority for everyone, so I think all parties clearly understand the importance of this file.

Thanks again,
JF

From: William Tan
Sent: Wednesday, July 26, 2017 9:07 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Jean-Francois Beaupre
To: Sarah Harris
Subject: FW: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:14:30 AM

FYI

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 9:14 AM
To: William Tan
Subject: RE: FHP & AA10 time table update

Hi Will,

This timeline is something you drafted/designed internally and neither the OFA nor IESO are bound by it.

If it is helpful to you to keep track of your 'target deadline', that is fine, but it does not need to be circulated to OFA Legal as a result of IESO being 'one day late' based on your estimate completion date. This ties into my previous message about sending a large volume of emails.

Victor actually mentioned at the end of the call yesterday that he understands we want this done quickly and Sarah Neville replied that this is a top priority for everyone, so I think all parties clearly understand the importance of this file.

Thanks again,

JF

From: William Tan
Sent: Wednesday, July 26, 2017 9:07 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP & AA10 time table update

Update:

I emailed Anthony yesterday to better understand his cashflow requirements for mid-August.

IESO is a day late in providing the FHP Credit Facility Agreement. I have moved the dates down by one business day but kept the same deadline of August 4.

Time Table v2

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
~~July 25~~	~~Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.~~	~~Documentation~~
~~July 25~~	~~AA10 set up and attended call. Small legal editorial matters.~~	~~Documentation/OFA Legal/IESO Legal~~
~~July 25~~	~~Reviewed Resolution of the Board of Directors, Certificate of Incumbency.~~	~~Documentation/OFA Legal~~
July 25	Cashflow requirements, contacted Anthony to understand his cashflow requirements for mid-	Documentation

	Aug.	
July 26	FHP Credit Facility, receive comments from IESO.	IESO
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July 27	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
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Best regards,

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From: Jean-Francois Beaupre
To: Sarah Harris
Subject: FW: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:16:39 AM

FYI, I had to ask Will to try to clarify the cash flow requirements since the $260M that was mentioned for 'mid-July' has yet to be drawn.

From: William Tan
Sent: Wednesday, July 26, 2017 9:07 AM
To: Jean-Francois Beaupre ; Lisa Stein ; Kelly Listoe
Cc: Sarah Neville ; Sarah Harris
Subject: FHP & AA10 time table update

Update:
I emailed Anthony yesterday to better understand his cashflow requirements for mid-August.
IESO is a day late in providing the FHP Credit Facility Agreement. I have moved the dates down by one business day but kept the same deadline of August 4.
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From: William Tan
To: Sarah Harris
Subject: FW: FHP CF delay email.
Date: Monday, August 14, 2017 3:19:15 PM

"Dear Anthony and Victor,
My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While constructing the new credit facility we became aware of a requirement under the OFA's Lending Policy which requires an acknowledgement by IESO in the new credit facility agreement. This acknowledgement would not be required in the new credit facility agreement if an additional minister directive is obtained by the OFA.
I also want to make you aware that due to the internal process that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the particulars.
Best regards,"
Will

From: William Tan
Sent: Friday, August 11, 2017 2:29 PM
To: Sarah Harris
Subject: FHP CF delay email.

Hello Sarah,

I am concurrently reviewing the FHP Credit Facility. Below is the draft email for Anthony and the general message to Anthony and Victor when we/I speak with them on the phone. I took parts of your email and parts of Lisa's email. Please review and comment.

"Dear Anthony,
My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement.
OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by OFA to public bodies, unless otherwise directed. As such, no further directly/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. We are now in the process of obtaining an exception through the Minister of Finance in the form of an internal directive.
I also want to make you aware that due to the internal process that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing

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Best regards,"

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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Best regards,"
Will

From: William Tan
Sent: Friday, August 11, 2017 2:29 PM
To: Sarah Harris
Subject: FHP CF delay email.

Hello Sarah,

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Best regards,"

Will

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From:	Lisa Stein
To:	Bruno Amara
Cc:	William Tan; Sarah Harris; Jean-Francois Beaupre
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, August 02, 2017 11:11:39 AM

Hi Bruno,
The e-mail chain below, and esp. the e-mail from Victor Buza (IESO) may shed some light on your questions, specifically with respect to the "permitted liens" and the negative pledge. Please review and then let me know if you would like to discuss further.
Thank you,
Lisa

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein
Cc: Sarah Harris ; William Tan ; Kelly Listoe
Subject: RE: FHP Credit Facility Agreement
Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: "direct, unsecured, unsubordinated obligations".

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:45 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
> Hi Lisa,
> I can give you a call now from my cell if that works for you?

Thanks,
JF

On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Are you available for a brief call to discuss later this afternoon or tomorrow morning?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Friday, July 28, 2017 2:55 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi Lisa,
> Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for interest tracking purposes under the existing $975M agreement.
> Many thanks,
> JF
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, July 28, 2017 2:49 PM
> **To:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi JF,
> I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me? Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.
> Thanks,
> Lisa
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Thursday, July 27, 2017 5:04 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement

Hi Lisa,
One additional important comment we have is that we believe we should consider incorporating language to distinguish between the “Rural or Remote Electricity Rate Protection (RRRP) variance” and the “Regulated Price Plan (RPP) variance” since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA’s loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.
Happy to discuss further.
Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Dear Lisa,
Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email.”
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won’t be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 3:50:37 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of ~~CAD~~ $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~**"Dollars"** or **"$"** means lawful currency of Canada.~~
"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP. ~~generally accepted accounting principles.~~

"Continued Advance" has the meaning specified in Section 3.3(1).~~means an Advance for which the IESO has elected to continue all or a portion of the principal amount of such Advance and any amount of interest on such Advance past the Repayment Date.~~

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"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2~~2.3~~.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as "financing entity" as that term is defined in the OFHP.

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"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).~~a grid promissory note in respect of Advances substantially in the form of Schedule 3.~~

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"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” has the meaning specified in the Recitals to this Agreement.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially~~material~~ impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. ~~Generally accepted accounting principles refer to.~~

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Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act*~~Interest Act~~ (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the ~~Criminal Code~~*Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5~~7~~ days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance~~,~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5~~7~~ days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~,~~ insolvency, ~~,~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~r~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 3:50:37 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan
Cc: Anthony Martinello
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what

is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of ~~CAD~~ $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~**"Dollars"** or **"$"** means lawful currency of Canada.~~
"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP. ~~generally accepted accounting principles.~~

"Continued Advance" has the meaning specified in Section 3.3(1).~~means an Advance for which the IESO has elected to continue all or a portion of the principal amount of such Advance and any amount of interest on such Advance past the Repayment Date.~~

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"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2~~2.3~~.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as "financing entity" as that term is defined in the OFHP.

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"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).~~a grid promissory note in respect of Advances substantially in the form of Schedule 3.~~

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"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” has the meaning specified in the Recitals to this Agreement.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially~~material~~ impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. ~~Generally accepted accounting principles refer to.~~

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Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act*~~Interest Act~~ (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the ~~Criminal Code~~*Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5~~7~~ days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance~~,~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5~~7~~ days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~,~~ insolvency, ~~,~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~r~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP Credit Facility Agreement
Date:	Tuesday, July 25, 2017 12:23:45 PM

fyi

From: William Tan
Sent: Tuesday, July 25, 2017 12:23 PM
To: 'Victor Buza'
Cc: 'Anthony Martinello'
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 2:56:53 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v2.docx

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably

cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances or "Continued Advance" as defined in Section 3.3(1).

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB5]: We defer to OFA Legal and Electricity Branch on this matter.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Section 2.8~~9~~ Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT7]: Changed for consistency. In italics in Schedule 3.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

Commented [JB8]: We defer to OFA Legal on this matter

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT9]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~ ~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the sServices (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ ~~not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB10]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 2:56:53 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v2.docx

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably

cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances or "Continued Advance" as defined in Section 3.3(1).

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB5]: We defer to OFA Legal and Electricity Branch on this matter.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Section 2.8~~9~~ Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT7]: Changed for consistency. In italics in Schedule 3.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

Commented [JB8]: We defer to OFA Legal on this matter

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT9]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~ ~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the sServices (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ ~~not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB10]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Kelly Listoe
Cc:	Jean-Francois Beaupre; Sarah Harris
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 9:36:04 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hello Kelly,
Please find my comments relating to the FHP Credit Facility Agreement.
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 7:27 PM
To: Jean-Francois Beaupre
Cc: Sarah Harris
Subject: FW: FHP Credit Facility Agreement
Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Formatted: No bullets or numbering

Commented [WT7]: Electricity Finance to comment.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [WT8]: Agreed

Commented [WT9]: Should this be "or"?

Commented [WT10]: JF,

Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [WT11]: Other agreements use "Province". I don't have a strong opinion in regarding which to use.

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Commented [WT12]: JF,

Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT13]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Kelly Listoe
Cc:	Jean-Francois Beaupre; Sarah Harris
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 9:36:04 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hello Kelly,
Please find my comments relating to the FHP Credit Facility Agreement.
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 7:27 PM
To: Jean-Francois Beaupre
Cc: Sarah Harris
Subject: FW: FHP Credit Facility Agreement
Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

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Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

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Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT13]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Kelly Listoe
To:	Sarah Harris
Cc:	Jean-Francois Beaupre
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 9:11:14 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi Sarah
I've asked Wil if everything is clear and he knows what to do. He told me he did. Yesterday, I started at 7 am and planned to go away at 3pm. I was expecting Will's comments to review and indicated to him in an email that I was going to leave (I wfh) soon. I signed off at 330 without receiving anything. I see below that he sent some to JF at 7:27 pm and I wasn't copied.
I don't plan to put in 18 hour days and I am on vacation tomorrow, so I am not sure how much assistance I can actually provide to him.
Just so you are aware.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 8:55 AM
To: Kelly Listoe
Subject: FW: FHP Credit Facility Agreement
fyi

From: William Tan
Sent: Wednesday, July 26, 2017 7:27 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,

Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:
1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.
In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say

this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [WT8]: Agreed

Commented [WT9]: Should this be "or"?

Commented [WT10]: JF,

Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [WT11]: Other agreements use "Province". I don't have a strong opinion in regarding which to use.

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT13]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Kelly Listoe
To:	Sarah Harris
Cc:	Jean-Francois Beaupre
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 9:11:14 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi Sarah
I've asked Wil if everything is clear and he knows what to do. He told me he did. Yesterday, I started at 7 am and planned to go away at 3pm. I was expecting Will's comments to review and indicated to him in an email that I was going to leave (I wfh) soon. I signed off at 330 without receiving anything. I see below that he sent some to JF at 7:27 pm and I wasn't copied.
I don't plan to put in 18 hour days and I am on vacation tomorrow, so I am not sure how much assistance I can actually provide to him.
Just so you are aware.
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 8:55 AM
To: Kelly Listoe
Subject: FW: FHP Credit Facility Agreement
fyi

From: William Tan
Sent: Wednesday, July 26, 2017 7:27 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,

Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:
1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.
In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say

this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

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Commented [WT7]: Electricity Finance to comment.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [WT8]: Agreed

Commented [WT9]: Should this be "or"?

Commented [WT10]: JF,

Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [WT11]: Other agreements use "Province". I don't have a strong opinion in regarding which to use.

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 7:27:19 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan ; Kelly Listoe
Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of “Permitted Liens” to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of “Permitted Liens” is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology “cash flow timing differences” does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.
In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of “Advances” should probably also include Continued Advances where an Election Notice is used (though I didn’t make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it’s entirely possible that I am simply missing something here.
I didn’t know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement
Hello Victor,
I’m checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Formatted: No bullets or numbering

Commented [WT7]: Electricity Finance to comment.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [WT8]: Agreed

Commented [WT9]: Should this be "or"?

Commented [WT10]: JF,

Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [WT11]: Other agreements use "Province". I don't have a strong opinion in regarding which to use.

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Commented [WT12]: JF,

Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT13]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 7:27:19 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi JF,
Please find the attached FHP Credit Facility.
At the beginning I accepted some of the obvious changes. Then realized it's difficult to share as a team if without the tracked changes.
As a result, any changes I intend to accept I have left alone and did not comment on. I hope this makes sense. Any potential issues, I have highlighted as a comment.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan ; Kelly Listoe
Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of “Permitted Liens” to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of “Permitted Liens” is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology “cash flow timing differences” does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.
In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of “Advances” should probably also include Continued Advances where an Election Notice is used (though I didn’t make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it’s entirely possible that I am simply missing something here.
I didn’t know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement
Hello Victor,
I’m checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Canadian Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: Electricity Finance to comment to included this as an acceptable term.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.

Commented [WT3]: JF,

If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT4]: JF,

Ken Kandeepan to comment? I looked through 4 agreements and I can't seem to find where the PSAB reference came from.

I don't have strong objections to remove PSAB.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

Commented [WT5]: Agreed.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

Commented [WT6]: Electricity Finance to comment.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

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Other agreements reference "Province". I don't have strong feelings about this.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

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Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~ insolvency, ~~i~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT13]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Bruno Amara
Cc:	William Tan; Sarah Harris; Jean-Francois Beaupre
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, August 02, 2017 11:11:39 AM

Hi Bruno,
The e-mail chain below, and esp. the e-mail from Victor Buza (IESO) may shed some light on your questions, specifically with respect to the "permitted liens" and the negative pledge. Please review and then let me know if you would like to discuss further.
Thank you,
Lisa

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein
Cc: Sarah Harris ; William Tan ; Kelly Listoe
Subject: RE: FHP Credit Facility Agreement
Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: "direct, unsecured, unsubordinated obligations".

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:45 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
> Hi Lisa,
> I can give you a call now from my cell if that works for you?

Thanks,
JF

On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Are you available for a brief call to discuss later this afternoon or tomorrow morning?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Friday, July 28, 2017 2:55 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi Lisa,
> Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for interest tracking purposes under the existing $975M agreement.
> Many thanks,
> JF
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, July 28, 2017 2:49 PM
> **To:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi JF,
> I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me? Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.
> Thanks,
> Lisa
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Thursday, July 27, 2017 5:04 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement

Hi Lisa,
One additional important comment we have is that we believe we should consider incorporating language to distinguish between the “Rural or Remote Electricity Rate Protection (RRRP) variance” and the “Regulated Price Plan (RPP) variance” since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA’s loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.
Happy to discuss further.
Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Dear Lisa,
Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email.”
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won’t be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: William Tan
To: Sarah Harris
Subject: FW: FHP Credit Facility outstanding issues
Date: Tuesday, August 08, 2017 10:34:26 AM

Hi Sarah,

Clarification:

The version of (k) below is Victors version. Lisa indicated that this may be too broad "any lien arising in connect with IESO's role and obligations under the OFHP". If they change (k), then Victor will have to sign-off.

Section 3.3 pari passue, Lisa will input this language and will have to speak to Victor. She has not brought this up with IESO because she views this as an internal matter. Hopefully Mike and Ken signs-off. I have a pending query with Lisa, if the Ministry of Energy's agreement with IESO impacts out FHP Agreement even if Ken, Mike and John have signed-off.

In summary, both items are still outstanding. I hope this helps.

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP Credit Facility outstanding issues

Good morning all,

We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.

I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations

On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.
https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances
(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.

It's important that we get this document out to IESO today.
I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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In summary, both items are still outstanding. I hope this helps.

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Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein ; Bruno Amara
Cc: Tobias P. Whitfield (MOF) ; Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FHP Credit Facility outstanding issues
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"Permitted Leins"
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https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html
Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).
Section 3.3 Election Regarding Advances
(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.
Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can

send him the soft copy.

It's important that we get this document out to IESO today.

I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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william.tan@ofina.on.ca

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From:	William Tan
To:	Sarah Harris
Subject:	FW: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 11:57:49 AM

Hi Sarah,

Below is a draft email I intend to send Anthony and Victor. Do you mind reviewing it? I will remove the comments between Lisa and yourself before I send it. thanks.

Hello Anthony and Victor,

I wish to clarify if the following order of the execution of the documents and the signatures dates do avoid any potential issues? Resolution of the Board of Directors and Incumbency Certificate are executed prior or on the same date as the agreements.

Also, I was informed that we should not be "editing" your resolution. To clarify I noticed the following:

- Extra opening quotation on the title.
- A potential extra 4th "and whereas".
- A missing colon at the end of 2 (a).
- Extra closing quotation at the end of 2 (c).

Thanks,

Will

From: Lisa Stein
Sent: Monday, August 21, 2017 11:02 AM
To: Sarah Harris ; William Tan
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
Sent: Monday, August 21, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Lisa,

Yes, that is usually the approach we strive for, especially for external counterparties.

We have more flexibility with public bodies, so I have shown more flexibility there, depending on the circumstances (we tend to be a little more flexible, for example, with IO). For IESO, dating the cert prior to the execution date is fine with me, if that works for you.

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Good morning Victor,
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Thanks,
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To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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(i) the form of extract of board resolution and

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Regards,

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Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Thanks,

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Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	Sarah Harris
Subject:	FW: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 11:57:49 AM

Hi Sarah,

Below is a draft email I intend to send Anthony and Victor. Do you mind reviewing it? I will remove the comments between Lisa and yourself before I send it. thanks.

Hello Anthony and Victor,

I wish to clarify if the following order of the execution of the documents and the signatures dates do avoid any potential issues? Resolution of the Board of Directors and Incumbency Certificate are executed prior or on the same date as the agreements.

Also, I was informed that we should not be "editing" your resolution. To clarify I noticed the following:

- Extra opening quotation on the title.
- A potential extra 4th "and whereas".
- A missing colon at the end of 2 (a).
- Extra closing quotation at the end of 2 (c).

Thanks,

Will

From: Lisa Stein
Sent: Monday, August 21, 2017 11:02 AM
To: Sarah Harris ; William Tan
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
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william.tan@ofina.on.ca

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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	Lisa Stein
Cc:	Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement - further amendments
Date:	Wednesday, August 02, 2017 2:24:20 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Lisa,

We are fine with Victor's explanation. I have removed the borrowing subcategory, on the Borrowing Notice and Election Notice to say [Insert relevant subcategory of borrowing], instead.
These changes were added to Bruno's version from 10:51am.
If Bruno provides his sign-off at your 4pm meeting, please forward to Victor. If not, I will forward it to Victor first thing tomorrow morning.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement - further amendments

Hi JF and Will,

Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and

adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM

To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finance for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Jean-Francois Beaupre; William Tan
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement - further amendments
Date: Wednesday, August 02, 2017 11:04:44 AM

Hi JF and Will,

Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM

To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320

****
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416-325-2320

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From:	William Tan
To:	Lisa Stein
Cc:	Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement - further amendments
Date:	Wednesday, August 02, 2017 2:24:20 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Lisa,
We are fine with Victor's explanation. I have removed the borrowing subcategory, on the Borrowing Notice and Election Notice to say [Insert relevant subcategory of borrowing], instead.
These changes were added to Bruno's version from 10:51am.
If Bruno provides his sign-off at your 4pm meeting, please forward to Victor. If not, I will forward it to Victor first thing tomorrow morning.
Thanks,
Will

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre ; William Tan
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement - further amendments
Hi JF and Will,
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Regards,
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finance for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 9:57:00 AM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx
FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

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Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well
I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) (specify sub-categories of borrowing purposes, as applicable):

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan
Subject:	FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date:	Thursday, August 17, 2017 4:32:26 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Will,

Lisa and I had discussion on the phone regarding the notices and we made some amendments to the language. Let's go over them tomorrow morning.

Thanks,

Sarah

From: Lisa Stein

Sent: Thursday, August 17, 2017 4:05 PM

To: Sarah Harris

Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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Formatted: List Paragraph

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan
Subject:	FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date:	Thursday, August 17, 2017 4:32:26 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Will,

Lisa and I had discussion on the phone regarding the notices and we made some amendments to the language. Let's go over them tomorrow morning.

Thanks,

Sarah

From: Lisa Stein

Sent: Thursday, August 17, 2017 4:05 PM

To: Sarah Harris

Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 9:57:00 AM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx
FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

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Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well
I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) (specify sub-categories of borrowing purposes, as applicable):

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 17, 2017 9:16:14 AM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx
image001.png
RRRP Rollover Notice with advance.pdf

Hi Will,
Please tell Lisa to hold off reviewing. There are a couple typos (s/b "principal" and "accrued") and the draft language needs to be tweaked to be contextually accurate.
I also said yesterday not to provide the attached notice, since it would confuse her in that it combines the old advance and new advance in one notice. You just need to state that in current rollover notices, IESO includes the additional line

IESO confirms it will also be paying interest in the amount of $2,950.27.

You can come by my office with the draft and we can work on the language.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Lisa,
Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.
3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,
I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.
I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest.
Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.
If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?
Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.
"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,
Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
Have a great weekend!
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty

or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

To: William Tan
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 3:07:22 PM

Hi Will,

You'l

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further

period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 2:46:01 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.? Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris ; William Tan ; Bruno Amara
Cc: Tobias P. Whitfield (MOF)
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or

agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

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Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacsimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 2:46:01 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.? Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris ; William Tan ; Bruno Amara
Cc: Tobias P. Whitfield (MOF)
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or

agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

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Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacsimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 17, 2017 9:16:14 AM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx
image001.png
RRRP Rollover Notice with advance.pdf

Hi Will,
Please tell Lisa to hold off reviewing. There are a couple typos (s/b "principal" and "accrued") and the draft language needs to be tweaked to be contextually accurate.
I also said yesterday not to provide the attached notice, since it would confuse her in that it combines the old advance and new advance in one notice. You just need to state that in current rollover notices, IESO includes the additional line

IESO confirms it will also be paying interest in the amount of $2,950.27.

You can come by my office with the draft and we can work on the language.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Lisa,
Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.
3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,
I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.
I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest.
Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.
If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?
Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.
"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,
Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
Have a great weekend!
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty

or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Formatted: List Paragraph

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Bruno Amara; Lisa Stein
Cc:	Gavin He; Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Wednesday, August 02, 2017 10:50:51 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Bruno,
Lisa may be able to answer some of your concerns for 1) and 2) as she has done some work on this.
Yes, (k) was included by IESO.
Thank you for replying so quickly.
Will

From: Bruno Amara
Sent: Wednesday, August 02, 2017 10:37 AM
To: William Tan
Cc: Gavin He
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi Will
See attached. We are fine with "Use of proceeds" and "Clean Energy Adjustment". Minor proposed edit on the latter. I am not comfortable commenting on "Permitted liens (k)" as I do not fully understand this issue and in particular in relation to the "Negative Pledge" section.
But for what it's worth, I would not think that section (j) captures the specific wording of section (k). As this credit facility is for OFHP purposes, I assume the intent was to ensure liens related to OFHP are specifically noted. Was sec. (k) drafted by IESO? But as noted, if EFB is asked for comment I would have a number of more general questions about the "Liens" and legal aspects of these including:
1) permitted vs. not permitted liens. I think the Negative Pledge section relates to this and includes "permitted liens" as an exception
2) the list of permitted liens seems fairly specific list except for (k) which more generally notes and any liens related to IESO's OFHP obligations. I'm not suggesting any specific problem with this, but again wonder how this related to the Negative Pledge section.
I'm happy to discuss further.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
Sent: Wednesday, August 02, 2017 9:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Good morning gentlemen,

Is it possible to have an answer before noon?

From: Bruno Amara
Sent: Tuesday, August 01, 2017 4:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Thanks Will
We will review.
Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,
We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.
Specifically:
Clean Energy Adjustment
Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.
Section 2.2 Use of Proceeds
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,
Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.
Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan

<William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finace for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directeive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Wednesday, August 02, 2017 10:39:26 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

I am reviewing this concurrently .

From: Bruno Amara
Sent: Wednesday, August 02, 2017 10:37 AM
To: William Tan
Cc: Gavin He
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi Will

See attached. We are fine with "Use of proceeds" and "Clean Energy Adjustment". Minor proposed edit on the latter. I am not comfortable commenting on "Permitted liens (k)" as I do not fully understand this issue and in particular in relation to the "Negative Pledge" section.

But for what it's worth, I would not think that section (j) captures the specific wording of section (k). As this credit facility is for OFHP purposes, I assume the intent was to ensure liens related to OFHP are specifically noted. Was sec. (k) drafted by IESO? But as noted, if EFB is asked for comment I would have a number of more general questions about the "Liens" and legal aspects of these including:

1) permitted vs. not permitted liens. I think the Negative Pledge section relates to this and includes "permitted liens" as an exception

2) the list of permitted liens seems fairly specific list except for (k) which more generally notes and any liens related to IESO's OFHP obligations. I'm not suggesting any specific problem with this, but again wonder how this related to the Negative Pledge section.

I'm happy to discuss further.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
Sent: Wednesday, August 02, 2017 9:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Good morning gentlemen,

Is it possible to have an answer before noon?

From: Bruno Amara
Sent: Tuesday, August 01, 2017 4:43 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Thanks Will

We will review.

Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,

We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.

Specifically:

Clean Energy Adjustment

Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.

Section 2.2 Use of Proceeds

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finace for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directeive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Wednesday, August 02, 2017 10:39:26 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

I am reviewing this concurrently .

From: Bruno Amara
Sent: Wednesday, August 02, 2017 10:37 AM
To: William Tan
Cc: Gavin He
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi Will

See attached. We are fine with "Use of proceeds" and "Clean Energy Adjustment". Minor proposed edit on the latter. I am not comfortable commenting on "Permitted liens (k)" as I do not fully understand this issue and in particular in relation to the "Negative Pledge" section.

But for what it's worth, I would not think that section (j) captures the specific wording of section (k). As this credit facility is for OFHP purposes, I assume the intent was to ensure liens related to OFHP are specifically noted. Was sec. (k) drafted by IESO? But as noted, if EFB is asked for comment I would have a number of more general questions about the "Liens" and legal aspects of these including:

1) permitted vs. not permitted liens. I think the Negative Pledge section relates to this and includes "permitted liens" as an exception

2) the list of permitted liens seems fairly specific list except for (k) which more generally notes and any liens related to IESO's OFHP obligations. I'm not suggesting any specific problem with this, but again wonder how this related to the Negative Pledge section.

I'm happy to discuss further.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
Sent: Wednesday, August 02, 2017 9:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Good morning gentlemen,

Is it possible to have an answer before noon?

From: Bruno Amara
Sent: Tuesday, August 01, 2017 4:43 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Thanks Will

We will review.

Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,

We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.

Specifically:

Clean Energy Adjustment

Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.

Section 2.2 Use of Proceeds

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finace for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directeive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 3:35:35 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx Rollover Notice with advance.pdf Rollover Notice with advance.pdf

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Hello JF,

Please find the attached FHP Credit Facility Agreement. I have added the placeholder language in the borrowing and election notices and added it as a defined term. I noticed the forms sent to Carlos included additional language "IESO confirms it will also be paying interest in the amount of $22,950.27" (which I included as well).

In this version I have replied to Lisa's comments. I will have to get Electricity Finance to provide their comments to their respective sections before I present this draft to OFA Legal.

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 3:35:35 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx Rollover Notice with advance.pdf Rollover Notice with advance.pdf

---

Hello JF,

Please find the attached FHP Credit Facility Agreement. I have added the placeholder language in the borrowing and election notices and added it as a defined term. I noticed the forms sent to Carlos included additional language "IESO confirms it will also be paying interest in the amount of $22,950.27" (which I included as well).

In this version I have replied to Lisa's comments. I will have to get Electricity Finance to provide their comments to their respective sections before I present this draft to OFA Legal.

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
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SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
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Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 12:10:27 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein

Sent: Tuesday, August 01, 2017 11:30 AM

To: Jean-Francois Beaupre ; William Tan

Cc: Sarah Harris ; Kelly Listoe

Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 12:10:27 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein

Sent: Tuesday, August 01, 2017 11:30 AM

To: Jean-Francois Beaupre ; William Tan

Cc: Sarah Harris ; Kelly Listoe

Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Bruno Amara; Lisa Stein
Cc:	Gavin He; Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Wednesday, August 02, 2017 10:50:51 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Bruno,
Lisa may be able to answer some of your concerns for 1) and 2) as she has done some work on this.
Yes, (k) was included by IESO.
Thank you for replying so quickly.
Will

From: Bruno Amara
Sent: Wednesday, August 02, 2017 10:37 AM
To: William Tan
Cc: Gavin He
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi Will
See attached. We are fine with "Use of proceeds" and "Clean Energy Adjustment". Minor proposed edit on the latter. I am not comfortable commenting on "Permitted liens (k)" as I do not fully understand this issue and in particular in relation to the "Negative Pledge" section.
But for what it's worth, I would not think that section (j) captures the specific wording of section (k). As this credit facility is for OFHP purposes, I assume the intent was to ensure liens related to OFHP are specifically noted. Was sec. (k) drafted by IESO? But as noted, if EFB is asked for comment I would have a number of more general questions about the "Liens" and legal aspects of these including:
1) permitted vs. not permitted liens. I think the Negative Pledge section relates to this and includes "permitted liens" as an exception
2) the list of permitted liens seems fairly specific list except for (k) which more generally notes and any liens related to IESO's OFHP obligations. I'm not suggesting any specific problem with this, but again wonder how this related to the Negative Pledge section.
I'm happy to discuss further.
Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
Sent: Wednesday, August 02, 2017 9:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Good morning gentlemen,

Is it possible to have an answer before noon?

From: Bruno Amara
Sent: Tuesday, August 01, 2017 4:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Thanks Will
We will review.
Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,
We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.
Specifically:
Clean Energy Adjustment
Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.
Section 2.2 Use of Proceeds
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,
Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.
Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan

<William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finace for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directeive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan; Tobias P. Whitfield (MOF)
Cc: Opal Kandelas
Subject: FW: IESO $2B Credit Facility - Minister"s Directive
Date: Thursday, June 29, 2017 3:55:21 PM
Attachments: Minister Directive for IESO Credit Facility Approval.pdf

---

Hi Gents,
The signed directive is attached.
Sarah

From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein
Cc: Sarah Harris ; Bruno Amara
Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,
The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?
Thank you again for your help with this,
Salman

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

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Cc: Opal Kandelas
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Thank you again for your help with this,
Salman

Ontario

Ministry of Finance

Approval Form

General Information

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IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

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Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

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The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

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- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Credit facility balances/requirments
Date:	Tuesday, August 08, 2017 10:05:55 AM

Thanks for checking, Will.
So now we know that the absolute latest that we can execute the amending agreement and the new facility is EOD August 16h^{th,}, but let's aim for Friday or Monday.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, August 08, 2017 10:02 AM
To: William Tan
Cc: Sarah Harris ; Victor Buza ; Lisa Stein
Subject: RE: IESO - Credit facility balances/requirments
IESO will give formal notice on Aug 17 for the funds to be deposited on Aug 21.
I do not know the exact amount as of yet.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments
Good morning Anthony,
Thank you for the detailed figures, it has helped tremendously.
Exactly, when will you require the new $250 million to be advanced?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments
William,
1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.
Plus any RRRP or other credit needs that may result during August.
3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: William Tan
To: Anthony Martinello
Cc: Sarah Harris; "Victor Buza"; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 9:57:14 AM

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Exactly, when will you require the new $250 million to be advanced?
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From: William Tan
To: Anthony Martinello
Cc: Sarah Harris; "Victor Buza"; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 9:57:14 AM

Good morning Anthony,
Thank you for the detailed figures, it has helped tremendously.
Exactly, when will you require the new $250 million to be advanced?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan
Cc: Victor Buza ; Olga Whiteley
Subject: RE: IESO - Credit facility balances/requirments

William,

1.

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million. Plus any RRRP or other credit needs that may result during August.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,
I trying to understand your drawing requirements.
Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.

RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

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From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO - Credit facility balances/requirments
Date:	Tuesday, August 08, 2017 10:05:55 AM

Thanks for checking, Will.
So now we know that the absolute latest that we can execute the amending agreement and the new facility is EOD August 16h^{th,}, but let's aim for Friday or Monday.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, August 08, 2017 10:02 AM
To: William Tan
Cc: Sarah Harris ; Victor Buza ; Lisa Stein
Subject: RE: IESO - Credit facility balances/requirments
IESO will give formal notice on Aug 17 for the funds to be deposited on Aug 21.
I do not know the exact amount as of yet.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
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From: William Tan
To: Sarah Harris
Subject: FW: IESO Amending Agreement
Date: Friday, July 14, 2017 8:53:23 AM

Hi Sarah,
With regards to Amending Agreement 10, once Sarah N signs-off is it necessary to has MOF LSB review it as well?

From: William Tan
Sent: Friday, July 14, 2017 8:35 AM
To: Sarah Harris
Subject: RE: IESO Amending Agreement

Hi Sarah,
I'll check in with Sarah N at around lunch and provide Anthony a status update. I'll forward any updates that come along. Thanks for your help.
Will

From: Sarah Harris
Sent: Friday, July 14, 2017 7:56 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: IESO Amending Agreement

Hi Will,
I am away today and Monday, but I told Anthony we expected to sending the amending agreement to him today. It seems like Sarah Neville is very busy, and may not get to it today. At around lunch, please check with Sarah on the status (let her know that you are aware she is very busy, but just wanted to give IESO an update). I just sent to her Victor's response on Use of Proceeds.
It is likely you won't be able to get an amending agreement to IESO today; Sarah will need to sign off on any comments/revisions we send back to IESO, so realistically, if you have any comments on her comments, she won't have time to turn another review and sign-off by the end of the day (doesn't mean that you shouldn't try to ask her to see if it is possible). Accordingly, after you check with Sarah at lunch on the status of the amending agreement, you can follow up with Anthony to let him know when you expect to send it to him (if it won't be today). I'll take a peek at my e-mails on the weekend to see if there is anything on this file that needs my review.
Thanks,
Sarah

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:15:10 AM

Hello Gavin,
I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.
Thanks,
Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit
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Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?
Thanks,
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I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

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3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

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The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and
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If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:31:29 PM

More...

From: Sarah Neville
Sent: Wednesday, July 19, 2017 3:24 PM
To: Gavin He ; Sarah Harris ; William Tan
Cc: Lisa Stein ; Shajee Kathirgamanathan
Subject: RE: IESO DIRECTIVE decrease line of credit

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Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:24:28 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

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Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	Sarah Harris
To:	Kelly Listoe
Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:24:28 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

Hi Kelly,
I'm going to start forwarding you info as it comes along.
Sarah

From: Sarah Neville
Sent: Wednesday, July 19, 2017 2:15 PM
To: William Tan ; Sarah Harris ; Gavin He ; Shajee Kathirgamanathan
Cc: Lisa Stein
Subject: IESO DIRECTIVE decrease line of credit

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences

between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

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The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act*, *2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

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Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:12:19 AM

Hello Gavin,
I would like to provide Anthony Martinello (IESO) a status update for the Amending Agreement 10, as we have had it for nearly two weeks now. I was wondering if it's possible to for Electricity may make a determination to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.
Thanks,
Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris ; Sarah Neville ; William Tan
Cc: Lisa Stein ; Shajee Kathirgamanathan
Subject: RE: IESO DIRECTIVE decrease line of credit
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Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?
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Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?
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From: Sarah Harris
To: William Tan
Subject: FW: IESO DIRECTIVE decrease line of credit
Date: Thursday, July 20, 2017 10:58:37 AM

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Date: Wednesday, July 19, 2017 4:02:09 PM

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah N.,
Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.
Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?
Thanks,
Sarah

From: Sarah Neville
Sent: Wednesday, July 19, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit

Hello –
Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.
I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those

operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;

- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	William Tan
To:	Gavin He
Cc:	Sarah Harris
Subject:	FW: IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, July 18, 2017 8:48:22 AM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx Minister Directive for IESO Credit Facility Approval.pdf

---

Hello Gavin,

Are you aware if Salman and Lisa completed the second directive? I've attached a draft. I am aware the one completed in the pdf.

Thanks,

Will

From: Lisa Stein

Sent: Tuesday, June 13, 2017 4:01 PM

To: Salman Qadir

Cc: Bruno Amara ; John Kim ; William Tan ; Sarah Harris

Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

It is now desirable to agree to the IESO's request to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	William Tan
To:	Gavin He
Cc:	Sarah Harris
Subject:	FW: IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, July 18, 2017 8:48:22 AM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx Minister Directive for IESO Credit Facility Approval.pdf

---

Hello Gavin,

Are you aware if Salman and Lisa completed the second directive? I've attached a draft. I am aware the one completed in the pdf.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

It is now desirable to agree to the IESO's request to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	FW: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:15:10 AM

Hello Gavin,
I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.
Thanks,
Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit
Hi Sarah and all,
Sorry we were tied up with a few deliverables today, so we haven't had a chance to discuss this within the Branch (and with Ron) yet. We will try to get clarification soon.
Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?
Thanks,
Gavin He

From: Sarah Harris
Sent: Wednesday, July 19, 2017 3:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit
Hi Sarah N.,
Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.
Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?
Thanks,
Sarah

From: Sarah Neville
Sent: Wednesday, July 19, 2017 2:15 PM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act.
O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From: Sarah Harris
To: William Tan
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Thursday, August 31, 2017 9:31:15 AM

Thanks, Will.

Again, when you speak to Anthony, ask him if rolled interest is something IESO requires for the FHP. If we can align those requirements between both facilities, that would be operationally optimal.

Thanks,
Sarah

-----Original Message-----
From: William Tan
Sent: Thursday, August 31, 2017 9:23 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline

I have spoken to James Devine, Director Funding he reiterated Carlos Yep Manger Funding point that the OFA revolving credit facility allows for the rollover of interest. This feature is different from a bank line of credit where minimum payment (component of principle and interest) is required to remain current. I will reiterate to Anthony (IESO) in an email that the FHP credit facility effectively allows him to roll-over interest whereas the existing credit facility of $975 million does not.

Thanks,

Will

-----Original Message-----
From: Sarah Harris
Sent: Wednesday, August 30, 2017 6:21 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let

me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>
> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don't allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.

>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
>
> Thanks,
>
> Will
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hi,
>
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
>
> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
>
>
>
> - The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
>
>
>
> - The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
>
>
>
> - The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Anthony,
>
> Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
>
> Thanks,
>
> Will
>
> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Monday, August 28, 2017 3:39 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Will – see attached $2B draft for your review.
>
> As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
>
> We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
>
> Regards.
>
>
>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: August 18, 2017 3:18 PM
> To: Anthony Martinello; Victor Buza
> Cc: Sarah Harris; Lisa Stein
> Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
>

>
>
> Hello Anthony and Victor
>
>
>
> Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
>
>
>
> Execute:
>
> Amending Agreement 10
>
> FHP Credit Facility
>
> Resolution of the Board of Directors.
>
> Incumbency Certificate
>
>
>
> Thanks,
>
>
>
>
>
> Best regards,
>
>
>
> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
>
> 1 Dundas Street West, Suite 1400
>
> Toronto, Ontario M5G 1Z3, CANADA
>
> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
>
>
>
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> <opa ieso amendment no 9 executed.pdf>

From: Caroline Swerdlyk
To: Sarah Harris; William Tan
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 4:21:12 PM

Hi,
We didn't discuss the IESO's suggestion: to revise the Amending Agreement 10, to align the form of election notice under the current Credit Agreement with the form that will be used under the FHP Credit Agreement.
Do you agree with this proposal, or have any concerns with it?
If the election notices under the two agreements are to be aligned, then I think we should respond to Victor that, after the IESO and OFA have agreed on the language in the FHP Agreement related to Election Notices (in Article 3 and Schedule 2), then the OFA will update the draft Amending Agreement #10 to incorporate the new form of Election Notice.
Please let me know if you would like to discuss.
Thanks,
Caroline

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 29, 2017 4:01 PM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Caroline Swerdlyk ; Anthony Martinello
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello all - just as a follow-up to our call of a few minutes ago, it would make sense for the borrowing processes to be aligned for both lines of credit (i.e. the FHP line and the $475MM line) per Anthony's comments below.
Since it sounds like there will need to be some additional tweaks to the Election Notice language we inserted in yesterday's draft, would it make sense for you rather than us to make the changes to the Amendment #10 document as well, since you have the pen on this issue right now ? Just thinking here about what's most efficient time-wise (ie if not, we have to wait for your markup etc).
Let us know - thanks,
Victor
416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

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Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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To: Sarah Harris; William Tan
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 4:21:12 PM

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Do you agree with this proposal, or have any concerns with it?
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Please let me know if you would like to discuss.
Thanks,
Caroline

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 29, 2017 4:01 PM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Caroline Swerdlyk ; Anthony Martinello
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
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Victor
416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
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We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Caroline Swerdlyk
To: Sarah Harris; William Tan
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 12:47:14 PM

Hi,

Thanks for meeting this morning to discuss the IESO's draft changes to the FHP Revolving Credit Facility Agreement. We understand that the intent of the changes to s. 3.2 and 3.3 are to allow for the IESO to provide, in one notice document, an Election Notice as well as a request for a new Advance.

The IESO has proposed to add to the definition of "Continued Advance" the amount of the proposed new Advance (s. 3.3(1)), i.e. "Continued Advance" would include:

- Continued amount (outstanding principal and interest of continued Advance), and
- Principal amount of new Advance

However, the continued Advance and the new Advance are treated separately for other purposes, including that they are recorded separately on the Grid Note in accordance with s. 3.2(2).

In light of this, we are proposing that the information about the continued Advance and the new Advance be included separately on the Form of Election Notice (e.g. section 1 – election notice; section 2 – request for new Advance). The document would include the information about both and allow for an election and new Advance to be done at the same time as requested by the IESO, but the two amounts (the "Continued Advance" and the "new Advance") would be separate for the purposes of the Agreement. This would better reflect how these amounts are reflected on the Grid Note, and so hopefully make the process easier for the parties to understand.

Do you agree with this approach, or have any concerns with it?

If you agree, before making these changes to s. 3.3 and Schedule 2, should we set up a call with the IESO to discuss and get their agreement in principle before drafting, in light of the tight timelines?

Thanks,

Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Caroline Swerdlyk
To: Sarah Harris; William Tan
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 12:47:14 PM

Hi,

Thanks for meeting this morning to discuss the IESO's draft changes to the FHP Revolving Credit Facility Agreement. We understand that the intent of the changes to s. 3.2 and 3.3 are to allow for the IESO to provide, in one notice document, an Election Notice as well as a request for a new Advance.

The IESO has proposed to add to the definition of "Continued Advance" the amount of the proposed new Advance (s. 3.3(1)), i.e. "Continued Advance" would include:

- Continued amount (outstanding principal and interest of continued Advance), and
- Principal amount of new Advance

However, the continued Advance and the new Advance are treated separately for other purposes, including that they are recorded separately on the Grid Note in accordance with s. 3.2(2).

In light of this, we are proposing that the information about the continued Advance and the new Advance be included separately on the Form of Election Notice (e.g. section 1 – election notice; section 2 – request for new Advance). The document would include the information about both and allow for an election and new Advance to be done at the same time as requested by the IESO, but the two amounts (the "Continued Advance" and the "new Advance") would be separate for the purposes of the Agreement. This would better reflect how these amounts are reflected on the Grid Note, and so hopefully make the process easier for the parties to understand.

Do you agree with this approach, or have any concerns with it?

If you agree, before making these changes to s. 3.3 and Schedule 2, should we set up a call with the IESO to discuss and get their agreement in principle before drafting, in light of the tight timelines?

Thanks,

Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Capital Markets Division | Ontario Financing Authority
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From: Sarah Harris
To: William Tan
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 9:10:46 AM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

---

Hi Will,
Do you have any comments before the meeting to discuss?
Also, did Bruno have any input into the permitted liens language revision (in relation to Victor's question), or was that just Lisa and Toby?
Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 9:10:46 AM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

---

Hi Will,
Do you have any comments before the meeting to discuss?
Also, did Bruno have any input into the permitted liens language revision (in relation to Victor's question), or was that just Lisa and Toby?
Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us

immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Caroline Swerdlyk
To: William Tan; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Monday, August 28, 2017 4:10:43 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

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Hello,
I will review these changes. It would be helpful if we could set up a meeting tomorrow to discuss internally after we have had a chance to review.
I will also send the attached to MOF legal (Toby Whitfield), since there is a question about the subsection of the Permitted Liens definition, which he worked on.
Let me know if this works, and when you are available to discuss.
Thanks,
Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Caroline Swerdlyk
To: William Tan; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Monday, August 28, 2017 4:10:43 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

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Hello,
I will review these changes. It would be helpful if we could set up a meeting tomorrow to discuss internally after we have had a chance to review.
I will also send the attached to MOF legal (Toby Whitfield), since there is a question about the subsection of the Permitted Liens definition, which he worked on.
Let me know if this works, and when you are available to discuss.
Thanks,
Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Anthony Martinello
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Monday, August 28, 2017 3:38:55 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

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Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Anthony Martinello
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Monday, August 28, 2017 3:38:55 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

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Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 6:06:53 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf IESO Directives.msg

Hello,

These are all directives I have.

From: Sarah Neville
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi - It also just occurred to me that we should also double check the various Directives issued to support the amendments to the IES0 $975 line made over the years to make sure/confirm that the proposed changes are not somehow offside what minister has directed.

Thanks very much

Sarah

Sent from my iPhone

On Aug 30, 2017, at 4:30 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.

4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,

Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.

- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.

- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.

- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section

3.2(2).
(6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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immediately and delete this e-mail message.
<IESO_OFA FHP 2017 Credit Letter.docx>
<History of IESO OFA Amending Agreements.doc>

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: IESO Directives
Date: Monday, July 17, 2017 16:29:07
Attachment 1: OFA-IESO-Minister Directive 2013.pdf
Attachment 2: OPA Loan Increase 2005-2006 (500-77.1).pdf
Attachment 3: OPA Loan Extension 2006-2010 (500-77.1.2).pdf
Attachment 4: OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
Attachment 5: OFA-IESO-Minister Directive 2016 - 975M.PDF
Attachment 6: Minister Directive for IESO Credit Facility Approval.pdf

---

Hi Sarah,

Please find all the directives.

The most latest directive is called “Minister Directive for IESO Credit Facility Approval”

Let me know if you require anything else.

Thanks,

Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Lisa,

Joan sent me this link where these directives are:

http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx

I think the ones attached are all of them. I also attached the latest one from late 2016.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan
To: Sarah Harris
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 23, 2017 9:37:14 AM
Attachments: image001.png

Hi Sarah,

I don't know if group call is necessary at this point. I can clarify with Anthony that we noticed that IESO was seeking new advances and rollovers using Schedule II only. Thus we redesigned Schedule II accommodate both. Please take a look if our understanding is on the same page.

a) Accommodates new advances (principal of new advance + advance date)
b) Portion of interest IESO wishes to repay.
c) Continued advance (i + ii)
    i)previous principal
    ii)accrued interest
d) New repayment date

(a) The Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount of Advance [or portion thereof] $_____; and,

ii. accrued interest on Advance [or portion thereof] $_____.

(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will,

As a business/commercial item (not a legal item), I would like to discuss the following.

The current $975M facility's Election Notice is different that the proposed $2B facility's Election Notice.

When the IESO currently borrows on the $975M, the practice has been that the Election Notice is used to capture all pertinent info needed. But my understanding of the proposed $2B forms are that the IESO would need to supply both a) Election Notice (e.g. rollover amounts) and b) Borrowing Notice (e.g. any new principal) each month.

Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan | *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(a) The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].
(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:
i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.
(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

From: William Tan
To: Sarah Harris
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 23, 2017 9:37:14 AM
Attachments: image001.png

Hi Sarah,

I don't know if group call is necessary at this point. I can clarify with Anthony that we noticed that IESO was seeking new advances and rollovers using Schedule II only. Thus we redesigned Schedule II accommodate both. Please take a look if our understanding is on the same page.

a) Accommodates new advances (principal of new advance + advance date)
b) Portion of interest IESO wishes to repay.
c) Continued advance (i + ii)
    i)previous principal
    ii)accrued interest
d) New repayment date

(a) The Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount of Advance [or portion thereof] $_____; and,

ii. accrued interest on Advance [or portion thereof] $_____.

(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will,

As a business/commercial item (not a legal item), I would like to discuss the following.

The current $975M facility's Election Notice is different that the proposed $2B facility's Election Notice.

When the IESO currently borrows on the $975M, the practice has been that the Election Notice is used to capture all pertinent info needed. But my understanding of the proposed $2B forms are that the IESO would need to supply both a) Election Notice (e.g. rollover amounts) and b) Borrowing Notice (e.g. any new principal) each month.

Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan | *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(a) The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].
(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:
i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.
(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

From: William Tan
To: Lisa Stein; Bruno Amara
Cc: Sarah Harris
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 6:17:36 PM

Hi Bruno and Lisa,
FYI, I have called Anthony/Victor to explain the context for the execution. For example, IESO has to review and sign-off on the drafts and that they are now aware that we expect to have the directive signed next week.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 5:16 PM
To: 'Anthony Martinello' ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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To: Lisa Stein; Bruno Amara
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Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 6:17:36 PM

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william.tan@ofina.on.ca
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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

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Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

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Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
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From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 6:06:53 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf IESO Directives.msg

Hello,
These are all directives I have.

From: Sarah Neville
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan
Cc: Caroline Swerdlyk ; Sarah Harris ; Lisa Stein
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi - It also just occurred to me that we should also double check the various Directives issued to support the amendments to the IES0 $975 line made over the years to make sure/confirm that the proposed changes are not somehow offside what minister has directed.

Thanks very much
Sarah

Sent from my iPhone

On Aug 30, 2017, at 4:30 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Caroline,
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
> Thanks,
> Will
>
> **From:** Caroline Swerdlyk
> **Sent:** Wednesday, August 30, 2017 3:16 PM
> **To:** William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Cc:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Subject:** FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

  (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

  (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: IESO Directives
Date: Monday, July 17, 2017 16:29:07
Attachment 1: OFA-IESO-Minister Directive 2013.pdf
Attachment 2: OPA Loan Increase 2005-2006 (500-77.1).pdf
Attachment 3: OPA Loan Extension 2006-2010 (500-77.1.2).pdf
Attachment 4: OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
Attachment 5: OFA-IESO-Minister Directive 2016 - 975M.PDF
Attachment 6: Minister Directive for IESO Credit Facility Approval.pdf

---

Hi Sarah,

Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.

Thanks,

Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Lisa,

Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx

I think the ones attached are all of them. I also attached the latest one from late 2016.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan
To: Caroline Swerdlyk
Cc: Sarah Harris; Sarah Neville; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:30:29 PM
Attachments: IESO_OFA FHP 2017 Credit Letter.docx
History of IESO OFA Amending Agreements.doc

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan ; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,
I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of

this file? We may need to meet to discuss:

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From: William Tan
To: Caroline Swerdlyk
Cc: Sarah Harris; Sarah Neville; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:30:29 PM
Attachments: IESO_OFA FHP 2017 Credit Letter.docx
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Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan ; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Thanks,
Caroline

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Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Sent: Monday, August 28, 2017 3:39 PM
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Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From: Caroline Swerdlyk
To: William Tan; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 3:15:59 PM

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

  (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

  (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello'
Cc: Victor Buza ; Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
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Will Tan| *Documentation & Analysis Specialist*
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From:	Caroline Swerdlyk
To:	Sarah Harris; William Tan
Cc:	Sarah Neville
Subject:	FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:42:51 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup).docx FHP credit facility agreement draft (Aug 29 draft - compare to IESO Aug 28).docx

Hello,

Please see the attached draft changes to incorporate the discussion with the IESO this afternoon for your review. I am attaching a markup (my markup on top of IESO's markup) as well as a comparison with the last version provided by the IESO (showing only the current changes).

Please review and let me know if you have any comments on any of these changes. In particular, does the Election Notice in Schedule 2 include all of the information that the IESO needs to provide for the OFA to administer the continued Advances and new Advances under the FHP Agreement?

I am happy to meet to discuss these changes if it would be helpful.

I will also run the change to the Permitted Liens definition past MOF legal.

Thanks,

Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, August 28, 2017 3:39 PM

To: William Tan

Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk

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Resolution of the Board of Directors.

Incumbency Certificate

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by s. 3.3(3). ~~,~~ Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Ceurrent Repayment Date; (c) ~~the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d)~~ the new aggregate total amount of the proposed Continued Advance ~~(i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable)~~; and (ded) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default

has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The ~~date of the proposed election and new Advance (if any), being a Business Day,~~Current Repayment Date is _____.

~~(a) The previous~~ Advance to which the election request applies is _____ ~~[Insert principal amount of Advance and Advance date].~~

~~(b)~~(b~~e~~) The IESO will pay on the C~~c~~urrent Repayment Date the following amounts (if any), to be applied in accordance with Section 2.9 of the Agreement:

i. The amount of interest ~~the IESO will re-pay~~ with respect to ~~on~~ the ~~previous~~ Advance ~~set out in (b)~~(a) is $_____ [Insert interest amount to be ~~re-~~paid on the C~~c~~urrent Repayment Date].

ii. The amount of principal or portion thereof with respect to the ~~previous~~ Advance is $_____. [Insert amount of principal to be repaid on the Current Repayment Date]

~~(c)~~(c~~d~~) The ~~new~~ aggregate ~~total~~ amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued ~~[or portion thereof]~~ $_____; and~~and,~~

ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~re~~paid on or before the Current Repayment Date $_____; ~~and,~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The ~~N~~new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance") as required by Section 3.2(1) of the Agreement:

(a) Date of the Proposed Advance: Current Repayment Date as specified above
(b) Amount of the Proposed Advance: $_____
(c) Repayment Date of the Proposed Advance: New Repayment Date as specified above

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Total Aggregate Amount of Continued Advance and Proposed Advance

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is:

$_____

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

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Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by s. 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; (c) the ~~principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the~~ new aggregate total amount of the proposed Continued Advance ~~(i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date**)". If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as

determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Commented [VB5]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600

Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The ~~date of the proposed election and new Advance (if any), being a Business Day,~~ Current Repayment Date is _____.

(b) The IESO will pay on the ~~current~~Current Repayment Date the following amounts (if any~~):~~), to be applied in accordance with Section 2.9 of the Agreement:

i. The amount of interest with respect to the ~~previous~~ Advance is $_____ [Insert interest amount to be paid on ~~current~~the Current Repayment Date].

ii. The amount of principal or portion thereof with respect to the ~~previous~~ Advance is $_____. [Insert amount of principal to be repaid on the Current Repayment Date]

(c) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____; and

ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____; and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____.~~

~~(c)~~
(d) The ~~new~~New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance") as required by Section 3.2(1) of the Agreement:

(a) Date of the Proposed Advance: Current Repayment Date as specified above
(b) Amount of the Proposed Advance: $_____
(c) Repayment Date of the Proposed Advance: New Repayment Date as specified above

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Total Aggregate Amount of Continued Advance and Proposed Advance

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is:

$_____

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Commented [CS7]: [NTD: to be replaced with current template Grid Note]

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Caroline Swerdlyk
To:	Sarah Harris; William Tan
Cc:	Sarah Neville
Subject:	FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:42:51 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup).docx FHP credit facility agreement draft (Aug 29 draft - compare to IESO Aug 28).docx

Hello,

Please see the attached draft changes to incorporate the discussion with the IESO this afternoon for your review. I am attaching a markup (my markup on top of IESO's markup) as well as a comparison with the last version provided by the IESO (showing only the current changes).

Please review and let me know if you have any comments on any of these changes. In particular, does the Election Notice in Schedule 2 include all of the information that the IESO needs to provide for the OFA to administer the continued Advances and new Advances under the FHP Agreement?

I am happy to meet to discuss these changes if it would be helpful.

I will also run the change to the Permitted Liens definition past MOF legal.

Thanks,

Caroline

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, August 28, 2017 3:39 PM

To: William Tan

Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk

Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by s. 3.3(3). ~~,~~ Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Ceurrent Repayment Date; (c) ~~the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d)~~ the new aggregate total amount of the proposed Continued Advance ~~(i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable)~~; and (ded) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default

has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The ~~date of the proposed election and new Advance (if any), being a Business Day,~~Current Repayment Date is _____.

~~(a) The previous~~ Advance to which the election request applies is _____ ~~[Insert principal amount of Advance and Advance date].~~

~~(b)~~(b~~e~~) The IESO will pay on the C~~c~~urrent Repayment Date the following amounts (if any), to be applied in accordance with Section 2.9 of the Agreement:

i. The amount of interest ~~the IESO will re-pay~~ with respect to ~~on~~ the ~~previous~~ Advance ~~set out in (b)~~(a) is $_____ [Insert interest amount to be ~~re-~~paid on the C~~c~~urrent Repayment Date].

ii. The amount of principal or portion thereof with respect to the ~~previous~~ Advance is $_____. [Insert amount of principal to be repaid on the Current Repayment Date]

~~(c)~~(c~~d~~) The ~~new~~ aggregate ~~total~~ amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued ~~[or portion thereof]~~ $_____; and~~and,~~

ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~re~~paid on or before the Current Repayment Date $_____; ~~and,~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The ~~N~~new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance") as required by Section 3.2(1) of the Agreement:

(a) Date of the Proposed Advance: Current Repayment Date as specified above
(b) Amount of the Proposed Advance: $_____
(c) Repayment Date of the Proposed Advance: New Repayment Date as specified above

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Total Aggregate Amount of Continued Advance and Proposed Advance

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is:

$_____

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Commented [CS6]: [NTD: to be replaced with current template Grid Note]

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by s. 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

Commented [CS2]: Correction to a cross-reference

the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; (c) the ~~principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the~~ new aggregate total amount of the proposed Continued Advance ~~(i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date**)". If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as

determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600

Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The ~~date of the proposed election and new Advance (if any), being a Business Day,~~ Current Repayment Date is _____.

(b) The IESO will pay on the ~~current~~Current Repayment Date the following amounts (if any~~):~~), to be applied in accordance with Section 2.9 of the Agreement:

i. The amount of interest with respect to the ~~previous~~ Advance is $_____ [Insert interest amount to be paid on ~~current~~the Current Repayment Date].

ii. The amount of principal or portion thereof with respect to the ~~previous~~ Advance is $_____. [Insert amount of principal to be repaid on the Current Repayment Date]

(c) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____; and

ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____; and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____.~~

~~(c)~~
(d) The ~~new~~New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance") as required by Section 3.2(1) of the Agreement:

(a) Date of the Proposed Advance: Current Repayment Date as specified above
(b) Amount of the Proposed Advance: $_____
(c) Repayment Date of the Proposed Advance: New Repayment Date as specified above

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Total Aggregate Amount of Continued Advance and Proposed Advance

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is:

$_____

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Commented [CS6]: If this information is not required to be given, then it can be removed

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Commented [CS7]: [NTD: to be replaced with current template Grid Note]

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Thursday, August 31, 2017 9:31:15 AM

Thanks, Will.

Again, when you speak to Anthony, ask him if rolled interest is something IESO requires for the FHP. If we can align those requirements between both facilities, that would be operationally optimal.

Thanks,
Sarah

-----Original Message-----
From: William Tan
Sent: Thursday, August 31, 2017 9:23 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline

I have spoken to James Devine, Director Funding he reiterated Carlos Yep Manger Funding point that the OFA revolving credit facility allows for the rollover of interest. This feature is different from a bank line of credit where minimum payment (component of principle and interest) is required to remain current. I will reiterate to Anthony (IESO) in an email that the FHP credit facility effectively allows him to roll-over interest whereas the existing credit facility of $975 million does not.

Thanks,

Will

-----Original Message-----
From: Sarah Harris
Sent: Wednesday, August 30, 2017 6:21 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let

me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>
> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don't allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.

>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
>
> Thanks,
>
> Will
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hi,
>
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
>
> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
>
>
>
> - The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
>
>
>
> - The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
>
>
>
> - The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Anthony,
>
> Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
>
> Thanks,
>
> Will
>
> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Monday, August 28, 2017 3:39 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Will – see attached $2B draft for your review.
>
> As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
>
> We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
>
> Regards.
>
>
>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: August 18, 2017 3:18 PM
> To: Anthony Martinello; Victor Buza
> Cc: Sarah Harris; Lisa Stein
> Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
>

>
>
> Hello Anthony and Victor
>
>
>
> Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
>
>
>
> Execute:
>
> Amending Agreement 10
>
> FHP Credit Facility
>
> Resolution of the Board of Directors.
>
> Incumbency Certificate
>
>
>
> Thanks,
>
>
>
>
>
> Best regards,
>
>
>
> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
>
> 1 Dundas Street West, Suite 1400
>
> Toronto, Ontario M5G 1Z3, CANADA
>
> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
>
>
>
> This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you
>
>
>
>

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> <opa ieso amendment no 9 executed.pdf>

From: William Tan
To: "Anthony Martinello"; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement
Date: Tuesday, August 15, 2017 8:03:16 AM

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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From: William Tan
To: Andrea Dalgarno; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement
Date: Monday, August 14, 2017 4:18:08 PM

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan
Cc: Sarah Harris ; Kelly Listoe ; Lisa Stein ; Victor Buza
Subject: IESO FHP Credit Facility Agreement

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Regards.

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Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

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Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]
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From: William Tan
To: "Anthony Martinello"; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement
Date: Tuesday, August 15, 2017 8:03:16 AM

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

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Regards.

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From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO Grid Notes
Date:	Wednesday, August 30, 2017 3:48:52 PM
Attachments:	IESO RPP Grid Note as at Aug 21st.pdf IESO RRRP Grid Note as at Aug 21st.pdf

Hi Will,
Could you please clarify this?
Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein ; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes

Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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To:	William Tan
Subject:	FW: IESO Grid Notes
Date:	Wednesday, August 30, 2017 3:47:01 PM
Attachments:	IESO RPP Grid Note as at Aug 21st.pdf IESO RRRP Grid Note as at Aug 21st.pdf

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein ; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes

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Regards.

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Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

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LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

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To: Hamlet Alexanian
Cc: Risa Thau
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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

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To: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes
Date: Wednesday, August 30, 2017 3:41:46 PM
Attachments: IESO RPP Grid Note as at Aug 21st.pdf
IESO RRRP Grid Note as at Aug 21st.pdf

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To: Hamlet Alexanian
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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

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Ontario Financing Authority

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Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From:	Sarah Harris
To:	William Tan
Subject:	FW: IESO Grid Notes
Date:	Wednesday, August 30, 2017 3:48:52 PM
Attachments:	IESO RPP Grid Note as at Aug 21st.pdf IESO RRRP Grid Note as at Aug 21st.pdf

Hi Will,
Could you please clarify this?
Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein ; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes

Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Wednesday, July 26, 2017 8:46:59 AM
Attachments: Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc
Certified Res"n_ Approval of Fair Hydro Credit Facility July 24 draft.doc

---

Hello Lisa,
Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan
Cc: Sarah Harris ; Kelly Listoe ; Lisa Stein ; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.
Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>

Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,
We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow

*funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 10:07:35 AM
Attachments: statement of policy.pdf
Incumbencycert.pdf

Hello Lisa
Below are the items I asked for below. Victor says that the Delegation of Authority may not apply here. I anticipate that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority? If so, according to the sample (provided in the past) which provides signing authorities and amounts would be a good alternative to the Delegation of Authority. Can you arrange to speak with Victor and please include me in the invite.
Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 9:41 AM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Kelly Listoe ; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
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Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Thank you gentlemen. For your convenience please find the revised amending agreement.
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definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
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Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hello Victor,
We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":
*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*
Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO POWER AUTHORITY STATEMENT of POLICY			
Office of Primary Responsibility:	Business Strategies & Solutions	Policy No.	**FIN-05**
Section:	Corporate Governance	Effective:	Sept. 8, 2005
Approved by:	**Board of Directors**	Last Revised:	Oct 20, 2010
Subject:	**SIGNING AUTHORITIES**	Page:	1 of 6

1 PURPOSE

1.01 The purpose of this policy is to denote the type and level of authority delegated by the Board of Directors to specific OPA employees.

2 SCOPE

2.01 This policy applies to the Board of Directors and all employees of the company for all transactions made on behalf of the OPA.

3 POLICY

3.01 The Signing Authorities Policy table is, at all times, to be read in conjunction with the following statements of principle:

- All transactions approved by OPA employees must be in accordance with this Signing Authorities Policy and all OPA corporate policies in place at that time (e.g. Employee Code of Conduct, Business Expense Policy, Conflict of Interest, Human Resources, OPA Procurement Policy, etc.).
- The OPA Board of Directors holds ultimate responsibility for the affairs of the OPA. Article 5.1 of the Governance & Structure By-Law allows the delegation of certain powers or duties by the Board.
- The OPA Board has delegated authorities based on both the dollar value and the specific nature of a transaction. Irrespective of the transaction being within levels delegated by the OPA Board, in all instances, consideration must be given as to whether the transaction is of a sufficiently important nature to be brought to the Audit Committee of the OPA Board for recommendation of support for subsequent approval by the OPA Board. Guidance may be obtained from Finance department.
- All changes to the Signing Authority Policy require the approval of the OPA Board of Directors.

3.02 Except for temporary delegations of signing authority, in no instance may one hundred percent of the authorities delegated within this policy be delegated downward to the next level within the organization.

3.03 Unless otherwise authorized by the CEO, signing authority may be delegated to OPA employees only. On an exception basis, the CEO may authorize delegation of signing authority for specific items to those individuals or employees of other organizations who are performing work on behalf of the OPA.

3.04 No person is authorized to sign a cheque or otherwise authorize a payment to himself or herself or to a person or entity in which, under the OPA's Conflict of Interest policy, they have a material interest.

3.05 Signing authority may be delegated on a temporary basis by completing a "Delegation of Signing Authority" form. This form must include approvals of the delegating signing authority and the delegating authority's supervisor. Delegation for individual competitive procurement transactions can be done electronically within the accounting application by the individual delegating the authority and without the approval of their immediate supervisor.

3.06 No political donations of any type are allowed, regardless of the amount. No employee shall be allowed reimbursement, directly or indirectly, for any political donations. The definition of political donations includes any money paid or assumption of expenses incurred for goods or services in relation to any political party, constituency, or candidate for public office.

3.07 The CEO must approve all charitable donations made by the OPA in advance of such donation.

3.08 All legal agreements, except for previously approved standard OPA legal agreements, are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature, regardless of the dollar value or the length of the agreement. All standard legal agreements with potential to have a significant financial impact are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature. Standard legal agreements and purchase orders are to be used only in those circumstances determined by Legal, Aboriginal & Regulatory Affairs.

3.09 The signature of the authorizing individual, or in the case of the Board of Directors, a resolution or minutes attesting to the matter, signed by the Secretary of the Board, constitutes authorization.

3.10 **Signing Authorities Policy Table**

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
A. Managing Within Approved Budget				
1. Reallocation of Approved Corporate/Business Unit Budget	$500,000	$250,000		
B. Regular Staff Levels (FTE Count)				
1. Redistribution of Staff (within approved budget)	Within the OPA	Within the Division		
C. Individual Procurement Transactions – For additional details, refer to Appendix 1				
1. Management Consulting Services including Contract Staff; and, General, Commodity, Infrastructure, and Services Purchases				

[1] Includes Legal Counsel, Senior Planners, and all other staff with "Manager" in their title

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
Competitive	$1,000,000	$250,000	$100,000	$50,000
Non-Competitive	$250,000	$100,000	$5,000	$5,000
Non-Competitive Consulting	$100,000	$100,000		
2. Individual Procurement Transactions for External Legal Services				
Competitive	Over $250,000	$250,000	$100,000	$50,000
Non-Competitive	Over $100,000	$100,000		
D. Assets				
1. Sale or write-off of Surplus Capital Assets (Net Loss on Sale/Disposal) / Write-Down or Write-Offs of All Other Assets	$500,000		$100,000 (Dir. Fin. only)	
E. Cheques				
1. Manual	Any two of the following: Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Automated	The automated/electronic signature of any one or two of the following: The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
F. Chief Executive Officer's Expenses				
1. Approval of CEO's expenses	Chair of the Board, or, in his or her absence, the Chair of the Audit Committee			
G. Electricity Supply Procurement and Service Contracts				
1. Make periodic payments to electricity supply counterparties for all procurement and service contracts	Any two of the following: CEO, Vice Presidents, Director of Finance and Director of Contract Management			
H. Investments and Borrowings				
1. Approve an investment in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Initiate a loan or borrowing transaction in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			

3.11 Notwithstanding sections 3.01 and 4.06, the Chief Executive Officer shall have the authority to revise this Policy in respect of position designations below the level of the Chief Executive Officer, and the definitions in clauses 5.01 and 5.02 in section 5.

3.12 Authorities delegated to individuals holding positions named in this Signing Authorities Policy shall only be exercised to execute transactions within the scope of their position and responsibility.

4 RESPONSIBILITY

4.01 **All employees** are responsible for:

- Ensuring that the necessary approval has been given before a commitment is made on behalf of the OPA.

4.02 **Holders of Delegated Authority** are responsible for:

- Informing Finance Department of approved delegations of authority through completion of the Delegation of Authority Form or by delegating the authority electronically within the accounting application as described in 3.05.
- Requesting guidance from Finance department when a contemplated transaction is within delegated authority but may be of sufficient importance to require prior review by the Audit Committee of the Board of Directors
- Requesting review from Legal, Aboriginal & Regulatory Affairs department of all standard legal agreements with potential to have a significant financial impact; and
- Review, approval and signature, pursuant to the Signing Authority Policy, of Business Unit requisitions and contracts.

4.03 **Finance** department is responsible for:

- Maintaining a file of Delegated Authorities;
- Working with Legal, Aboriginal & Regulatory Affairs in providing guidance regarding transactions whose nature or importance may warrant the attention of the Audit Committee of the OPA Board prior to procurement;
- Periodic review of the Signing Authorities Policy; and
- Annually preparing a report listing all payments made to, or on behalf of, the OPA's Chair and CEO for review by the Board of Directors.

4.04 **Legal, Aboriginal & Regulatory Affairs** department is responsible for:

- Development of standard legal agreements and general guidelines for their use;

- Assisting Finance in reviewing the use of a standard legal agreement in a situation with potential to have a significant financial impact; and
- Review and approval of all non-standard legal agreements.

4.05 **CEO** is responsible for:

- Approval, where warranted, of delegation of authority to those individuals or employees of other organizations who are performing work on behalf of the OPA; and
- Approval, in advance, of all charitable donations made by the OPA.

4.06 **Board of Directors** is responsible for:

- Approval of changes to the Signing Authorities Policy; and,
- Review of report of all payments made to, or on behalf of, the OPA's Chair and CEO.

5 DEFINITIONS

5.01 **Vice-President** includes direct reports to the CEO but excludes Executive Assistants and Administrative Assistants

5.02 **Director** includes direct reports to the Vice Presidents that have "Director" in their title

5.03 **Manager** includes direct reports to Vice-Presidents or Directors, including legal counsel, senior planners and other staff with "Manager" in their title, but excludes Executive Assistants and Administrative Assistants.

5.04 **Contracts** are binding agreements between two or more parties which may be issued in the form of a Purchase Order or a contract approved by Legal, Aboriginal & Regulatory Affairs department.

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

Procurement Policy; Code of Conduct for Officers, Employees and Agents of the OPA; Records Management Policy.

Appendix 1

Competitive Procurement Consulting Services/Goods and Non-Consulting Services *Excluding External Legal Services*	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Up to **$1,000,000**	Requires approval of CEO
Over **$1,000,000**	Requires approval of Board of Directors

Non-Competitive Procurement Consulting Services *Excluding External Legal Services*	
Up to **$100,000**	Requires approval of VP
Up to $1M	Requires approval of CEO, Board of Directors and Minister of Energy and Infrastructure
$1M or more	Requires approval of CEO, Board of Directors and Treasury Board/Management Board of Cabinet

Non-Competitive Procurement [1] [2] Goods and Non-Consulting Services *Excluding External Legal Services and Consulting Services*	
Up to **$5,000**	Requires approval of Manager or Director
Up to **$100,000**	Requires approval of VP
Up to **$250,000**	Requires approval of CEO
Over **$250,000**	Requires approval of Board of Directors

Competitive Procurement of External Legal Services	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Over **$250,000**	Requires approval of CEO

Non-Competitive Procurement of External Legal Services	
Up to **$100,000**	Requires approval of General Counsel, VP, Legal Aboriginal and Regulatory Affairs
Over **$100,000**	Requires approval of CEO

[1] Non-competitive contracts or purchase orders totaling $5,000 or over require a justification memo, to be submitted at the time of contract development.

[2] Delegation of authority and non-competitive procurement: VPs may not delegate authority to any other level of employee to authorize and sign a non-competitive contract. The CEO becomes the signing authority when the VP is absent.

All dollar values listed above exclude HST.

Any decision of the Board of Directors to appoint a delegate that is not listed in the above matrix to authorize any procurement will override the Signing Authorities Policy.

ONTARIO POWER AUTHORITY POLICY STATEMENT			
Office of Primary Responsibility	Finance and Administration	Policy #	**FIN-01**
Subject:	TREASURY POLICY	Page:	1 of 4
Approved by	Board of Directors	Effective	June 9, 2009
		Revised	Apr 1, 2009

1. POLICY STATEMENT

This policy establishes the requirements and guidelines for the management of the OPA's cash flows as well as the related banking, borrowing and investment activities.

2. PURPOSE:

The purpose of this Statement of Policy is to establish a framework for the sound and efficient management of the OPA's cash flows, as well as related banking, borrowing and investment activities

3. SCOPE

This policy applies to all management and staff of the OPA, or its service providers or agents, dealing with cash management, as well as related banking, borrowing and investment activities.

4. RESPONSIBILITY

4.01 **Manager, Treasury** is responsible for:

- Ensuring sound and efficient cash management, banking, borrowing and investment activities
- Investing only in the types of contracts permitted as listed below
- Not entering into prohibited contracts as listed below
- Developing and maintaining a daily cash flow spreadsheet.
- Developing and maintaining a cash flow forecast.
- Completion of a variance analysis between cash flow forecasts and actual cash flows in order to identify their cause and to improve cash flow forecasting.
- Ensuring that the OPA's borrowing requirements are met in a sound and efficient manner
- Performing a credit review of issuers, guarantors and instruments before submitting for approval by the CFO (or equivalent) and the CEO (or equivalent), including but not limited to, the entity's past business record, credit rating history and stability (where available), and, if possible, the entity's future prospects.
- Monitoring on an ongoing basis the credit record (or other measures of

financial robustness) of approved issuers, guarantors, and instruments after they have been approved

- Reporting on approved issuers, guarantors and instruments to the Board of Directors
- Ensuring ongoing compliance with the exposure limits as listed in Schedule I
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on exposures exceeding 75% of the approved credit limit
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on any exposures exceeding the approved credit limit including the development of a plan to reduce the exposure to the limit
- Completion of a quarterly Treasury Report listing all investment and borrowing activities for the quarter.
- Development of an annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Maintaining banking relationships including making recommendations on the opening/closing of bank accounts and the requirements for banking services.
- Recommending any additions/deletions/changes to the policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.

4.02 **Director, Finance and Administration** is responsible for:

- Monitoring compliance with this policy
- Review of the quarterly Treasury Report.
- Review of any proposed additions/deletions/changes to this policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.
- Review of the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities as prepared by the Manager, Treasury.

4.03 **The Chief Financial Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Reporting on at least a monthly basis on the compliance of the OPA's cash management and related banking, borrowing and investment activities with this policy statement to the CEO (or equivalent).
- Together with the CEO (or equivalent), approve all issuers, guarantors, dealers and instruments before they are employed in the borrowing and investment activities of the OPA

- Reporting to the Board of Directors on any counterparty exposures exceeding the approved credit limits including the plan to reduce the exposure to the limit as reported by the Director, Finance and Manager, Treasury.
- Reporting the up-to-date cash-flow forecast to the OPA Board of Directors on a quarterly basis
- Reporting on a quarterly basis any new or changes to approved issuers, guarantors, dealers and instruments to the OPA Board of Directors
- Presenting the quarterly Treasury Report to the Audit Committee.
- Reviewing any proposed additions/deletions/changes to the policy before submission to the OPA Board of Directors.
- Approval of the purchase of investments within signing authority levels.
- Reporting on the implementation of the annual plan to the Board of Directors on a quarterly basis
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors

4.04 **Chief Executive Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Presenting the annual plan and revisions to the OPA Board of Directors for approval
- Reporting at least quarterly to the OPA Board of Directors regarding compliance of the OPA's cash management and related banking, borrowing, and investment activities with this policy statement.
- Reporting to the OPA Board of Directors on a quarterly basis regarding the implementation of the annual plan and any exposures from the OPA's cash management and related banking, borrowing and investment activities
- Reporting to the OPA Board of Directors on any plans required to reduce or eliminate credit exposures
- Reporting to the Board of Directors any violations of this Investment Policy
- Together with the CFO (or equivalent), approving all issuers, guarantors, dealers and investments before they are employed in the borrowing and investment activities of the OPA; and
- Reviewing this policy statement from time to time, proposing changes to this policy statement to the OPA Board of Directors and presenting reasons and risks inherent in the proposed changes and corresponding risk controls.

4.05 **Board of Directors** are responsible for:

- Ensuring the policy statement does not contain any policy or procedure that would conflict with the requirements of sections 1-3 of Ontario Regulation 423/04
- Must bear in mind the timing considerations of the OPA's investments and borrowings in relation to the OPA's expected cash flow requirements in preparing the statement referred to in Ontario Regulation 423/04 section 4(1).
- Approving the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Approving any in-year adjustments to the annual plan
- Determining the senior officers of the OPA who shall execute contracts for banking services
- Approve any amendments to this Investment Policy statement.
- Ensuring compliance of the OPA's cash management as well as related banking, borrowing, and investment activities with this policy statement.
- The Chair of the Board of Directors may grant exceptions to this Investment Policy to satisfy operational needs as long as the exception does not lead to a violation of the regulation.
- Reviewing exceptions to this policy statement approved by the Chair between Board meetings.
- Ensure the policy and amendments are approved by the Minister of Finance.

4.06 **Internal Audit is responsible for:**

- Periodically reviewing the cash management and related banking, borrowing and investment activities to ensure compliance with this Investment Policy.

5. DEFINITIONS

5.01 **Permitted Borrowings:**

1. All borrowing must be denominated in Canadian dollars
2. Borrowing shall only be for the purposes permitted under Ontario Regulation 423/04
3. Permitted borrowing instruments include:
   a. Loans
   b. Bank lines of credit
   c. Issuance of short-term paper or bonds
      1. Short-term paper or bonds must be transacted through securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on the securities dealers:
         i. Credit-worthiness

ii. Timely and efficient execution and settlement of transactions
iii. Responsiveness
iv. Costs and
v. Value of services provided

and

2. A fiscal agent approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the fiscal agents:
   i. trust-worthiness
   ii. reliability in recording and transferring securities and funds between investors and the OPA
   iii. responsiveness
   iv. costs and
   v. value of services provided

5.02 **Permitted Investments:**

1. All investments must be denominated in Canadian dollars
2. Investments can only be made by the OPA in those types of securities permitted under Ontario Regulation 423/04.
3. Investments in financial instruments are permitted if they:
   a. Satisfy the requirements of the Investment Policy
   b. Have a term of one year or less from the date of purchase
   c. Meet the credit rating requirements listed in Schedule I to this policy
4. When investing in eligible securities, the OPA shall transact through:
   a. Securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on their:
      1. Credit-worthiness,
      2. Timely and efficient execution and settlement of transactions,
      3. Responsiveness,
      4. Costs, and
      5. Value of services provided.

   and

   b. A custodian approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the custodian's:
      1. trust-worthiness,
      2. reliability in recording and settling securities and funds between OPA,
      3. safekeeping of assets,
      4. responsiveness,
      5. costs, and
      6. value of services provided.
5. If a transaction does not settle, the OPA will work with the custodian to re-schedule the transaction. In addition, the OPA will arrange for

compensation for the failure or delay of the settlement if the OPA does not obtain contractual settlement provisions from the custodian.

6. If a counterparty to which the OPA has exposure defaults, the OPA will attempt to limit and recover its losses by exercising its rights as described in the applicable documentation, laws and regulations.

6.02 **Prohibited Borrowings:**

1. Borrowing in currencies other than Canadian dollars
2. Borrowing for purposes not permitted under Ontario Regulation 423/04

6.03 **Prohibited Investments:**

1. Interest rate or currency exchange agreements, forward rate agreements or any other type of financial agreement to manage its financial assets, liabilities or risks, except those permitted above
2. Investments in the types of securities not listed as permitted securities under Ontario Regulation 423/04
3. Investments in financial instruments:
   a. That fail to satisfy the requirements of the regulation
   b. With a term of more than one year from the date of purchase
   c. That are expressed or payable in any currency other than Canadian dollars
   d. That are in structured notes with embedded derivatives
   e. That the OPA cannot value, account or settle
   f. <u>That are any form of asset-backed commercial paper</u>

6.04 **Credit Limits**

- OPA will use DBRS short-term ratings to assign credit limits for short-term securities
- OPA will use Moody's or Standard & Poor's short-term ratings only if DBRS short term ratings are not available
- Where credit ratings are split between several rating agencies, the lowest rating shall apply
- Related issuers or guarantors will be treated as one issuer/guarantor
- The OPA CFO may set credit limits below the allowable maximum if warranted by the credit review
- Credit limits will be adjusted accordingly when the credit ratings of issuers, guarantors or instruments change
- In the case of a merger, the credit limit of the merged counterparty or issuer will correspond with the credit rating of the merged entity
- If an approved issuer, guarantor, or instrument is downgraded and the OPA holds a position in an affected security, the CFO will develop and

implement a plan to ensure that the exposure is in compliance with the lower limit

- Maximum credit limits are included in Schedule I. The purpose of the maximum credit limits are to ensure that credit exposures are diversified and remain within sound levels.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

November 22, 2016

Mr. Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

Dear Mr Listoe:

Re: IESO OFA, Amendment No. 9

Enclosed for your records are originals of (1) true copy of IESO board resolution dated November 15, 2016; (2) incumbency certificate setting forth all of IESO's current officers and directors, dated November 15, 2016 and (3) incumbency certificate signed by Kimberly Marshall, as authorized signatory of Amendment No. 9, dated November 22, 2016.

Yours truly,

Stephanie Yarmo
Legal Counsel
Planning, Legal, Indigenous Relations and Regulatory Affairs

Resolution of the Board of Directors

Independent Electricity System Operator

October 26, 2016

In Respect of the Renewal of the Existing $975 Million Credit Facility with the Ontario Financing Authority Expiring December 2016

BE IT RESOLVED THAT the renewal of the existing $975 million credit facility with the Ontario Financing Authority expiring December 2016 be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facility.

I certify that this is a true copy of the resolution approved by the Board of Directors of the Independent Electricity System Operator on October 26, 2016.

John M. Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

November 15, 2016

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

Re: Officers and Directors of the Independent Electricity System Operator

The undersigned, Secretary to the Independent Electricity System Operator (the "**Corporation**"), hereby certifies that:

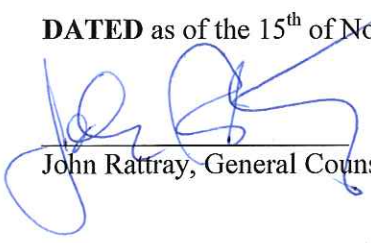
The current directors of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Timothy O'Neill	Director
Carole Workman	Director
Bruce B. Campbell	Director, President and Chief Executive Officer
Cynthia Chaplin	Director
Murray Elston	Director
William Museler	Director
Susanna Han	Director
Ronald Jamieson	Director
Margaret Kelch	Director
Bruce Lourie	Director
Deborah S. Whale	Director

The current officers of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Bruce B. Campbell	President and Chief Executive Officer
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer
JoAnne Butler	Vice President, Market and Resource Development
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer
Terry Young	Vice President, Conservation and Corporate Relations
Michael Lyle	Vice President, Planning, Legal, Indigenous Relations and Regulatory Affairs
John Rattray	General Counsel, Secretary and Chief Reliability Compliance Officer

DATED as of the 15th of November 2016.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices, and has the authority to execute Amendment No. 9 to the credit agreement (the "**Amendment**") between the IESO and the Ontario Financing Authority and any other documents related to the Amendment or such credit agreement; and

2. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this 22nd day of November, 2016.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 22nd day of November, 2016.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 10:07:35 AM
Attachments: statement of policy.pdf
Incumbencycert.pdf

Hello Lisa
Below are the items I asked for below. Victor says that the Delegation of Authority may not apply here. I anticipate that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority? If so, according to the sample (provided in the past) which provides signing authorities and amounts would be a good alternative to the Delegation of Authority. Can you arrange to speak with Victor and please include me in the invite.
Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 9:41 AM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Kelly Listoe ; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align

definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hello Victor,
We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":
*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*
Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO POWER AUTHORITY STATEMENT of POLICY			
Office of Primary Responsibility:	Business Strategies & Solutions	Policy No.	**FIN-05**
Section:	Corporate Governance	Effective:	Sept. 8, 2005
Approved by:	**Board of Directors**	Last Revised:	Oct 20, 2010
Subject:	**SIGNING AUTHORITIES**	Page:	1 of 6

1 PURPOSE

1.01 The purpose of this policy is to denote the type and level of authority delegated by the Board of Directors to specific OPA employees.

2 SCOPE

2.01 This policy applies to the Board of Directors and all employees of the company for all transactions made on behalf of the OPA.

3 POLICY

3.01 The Signing Authorities Policy table is, at all times, to be read in conjunction with the following statements of principle:

- All transactions approved by OPA employees must be in accordance with this Signing Authorities Policy and all OPA corporate policies in place at that time (e.g. Employee Code of Conduct, Business Expense Policy, Conflict of Interest, Human Resources, OPA Procurement Policy, etc.).
- The OPA Board of Directors holds ultimate responsibility for the affairs of the OPA. Article 5.1 of the Governance & Structure By-Law allows the delegation of certain powers or duties by the Board.
- The OPA Board has delegated authorities based on both the dollar value and the specific nature of a transaction. Irrespective of the transaction being within levels delegated by the OPA Board, in all instances, consideration must be given as to whether the transaction is of a sufficiently important nature to be brought to the Audit Committee of the OPA Board for recommendation of support for subsequent approval by the OPA Board. Guidance may be obtained from Finance department.
- All changes to the Signing Authority Policy require the approval of the OPA Board of Directors.

3.02 Except for temporary delegations of signing authority, in no instance may one hundred percent of the authorities delegated within this policy be delegated downward to the next level within the organization.

3.03 Unless otherwise authorized by the CEO, signing authority may be delegated to OPA employees only. On an exception basis, the CEO may authorize delegation of signing authority for specific items to those individuals or employees of other organizations who are performing work on behalf of the OPA.

3.04 No person is authorized to sign a cheque or otherwise authorize a payment to himself or herself or to a person or entity in which, under the OPA's Conflict of Interest policy, they have a material interest.

3.05 Signing authority may be delegated on a temporary basis by completing a "Delegation of Signing Authority" form. This form must include approvals of the delegating signing authority and the delegating authority's supervisor. Delegation for individual competitive procurement transactions can be done electronically within the accounting application by the individual delegating the authority and without the approval of their immediate supervisor.

3.06 No political donations of any type are allowed, regardless of the amount. No employee shall be allowed reimbursement, directly or indirectly, for any political donations. The definition of political donations includes any money paid or assumption of expenses incurred for goods or services in relation to any political party, constituency, or candidate for public office.

3.07 The CEO must approve all charitable donations made by the OPA in advance of such donation.

3.08 All legal agreements, except for previously approved standard OPA legal agreements, are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature, regardless of the dollar value or the length of the agreement. All standard legal agreements with potential to have a significant financial impact are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature. Standard legal agreements and purchase orders are to be used only in those circumstances determined by Legal, Aboriginal & Regulatory Affairs.

3.09 The signature of the authorizing individual, or in the case of the Board of Directors, a resolution or minutes attesting to the matter, signed by the Secretary of the Board, constitutes authorization.

3.10 **Signing Authorities Policy Table**

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
A. Managing Within Approved Budget				
1. Reallocation of Approved Corporate/Business Unit Budget	$500,000	$250,000		
B. Regular Staff Levels (FTE Count)				
1. Redistribution of Staff (within approved budget)	Within the OPA	Within the Division		
C. Individual Procurement Transactions – For additional details, refer to Appendix 1				
1. Management Consulting Services including Contract Staff; and, General, Commodity, Infrastructure, and Services Purchases				

[1] Includes Legal Counsel, Senior Planners, and all other staff with "Manager" in their title

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
Competitive	$1,000,000	$250,000	$100,000	$50,000
Non-Competitive	$250,000	$100,000	$5,000	$5,000
Non-Competitive Consulting	$100,000	$100,000		
2. Individual Procurement Transactions for External Legal Services				
Competitive	Over $250,000	$250,000	$100,000	$50,000
Non-Competitive	Over $100,000	$100,000		
D. Assets				
1. Sale or write-off of Surplus Capital Assets (Net Loss on Sale/Disposal) / Write-Down or Write-Offs of All Other Assets	$500,000		$100,000 (Dir. Fin. only)	
E. Cheques				
1. Manual	Any two of the following: Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Automated	The automated/electronic signature of any one or two of the following: The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
F. Chief Executive Officer's Expenses				
1. Approval of CEO's expenses	Chair of the Board, or, in his or her absence, the Chair of the Audit Committee			
G. Electricity Supply Procurement and Service Contracts				
1. Make periodic payments to electricity supply counterparties for all procurement and service contracts	Any two of the following: CEO, Vice Presidents, Director of Finance and Director of Contract Management			
H. Investments and Borrowings				
1. Approve an investment in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Initiate a loan or borrowing transaction in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			

3.11 Notwithstanding sections 3.01 and 4.06, the Chief Executive Officer shall have the authority to revise this Policy in respect of position designations below the level of the Chief Executive Officer, and the definitions in clauses 5.01 and 5.02 in section 5.

3.12 Authorities delegated to individuals holding positions named in this Signing Authorities Policy shall only be exercised to execute transactions within the scope of their position and responsibility.

4 RESPONSIBILITY

4.01 **All employees** are responsible for:

- Ensuring that the necessary approval has been given before a commitment is made on behalf of the OPA.

4.02 **Holders of Delegated Authority** are responsible for:

- Informing Finance Department of approved delegations of authority through completion of the Delegation of Authority Form or by delegating the authority electronically within the accounting application as described in 3.05.
- Requesting guidance from Finance department when a contemplated transaction is within delegated authority but may be of sufficient importance to require prior review by the Audit Committee of the Board of Directors
- Requesting review from Legal, Aboriginal & Regulatory Affairs department of all standard legal agreements with potential to have a significant financial impact; and
- Review, approval and signature, pursuant to the Signing Authority Policy, of Business Unit requisitions and contracts.

4.03 **Finance** department is responsible for:

- Maintaining a file of Delegated Authorities;
- Working with Legal, Aboriginal & Regulatory Affairs in providing guidance regarding transactions whose nature or importance may warrant the attention of the Audit Committee of the OPA Board prior to procurement;
- Periodic review of the Signing Authorities Policy; and
- Annually preparing a report listing all payments made to, or on behalf of, the OPA's Chair and CEO for review by the Board of Directors.

4.04 **Legal, Aboriginal & Regulatory Affairs** department is responsible for:

- Development of standard legal agreements and general guidelines for their use;

- Assisting Finance in reviewing the use of a standard legal agreement in a situation with potential to have a significant financial impact; and
- Review and approval of all non-standard legal agreements.

4.05 **CEO** is responsible for:

- Approval, where warranted, of delegation of authority to those individuals or employees of other organizations who are performing work on behalf of the OPA; and
- Approval, in advance, of all charitable donations made by the OPA.

4.06 **Board of Directors** is responsible for:

- Approval of changes to the Signing Authorities Policy; and,
- Review of report of all payments made to, or on behalf of, the OPA's Chair and CEO.

5 DEFINITIONS

5.01 **Vice-President** includes direct reports to the CEO but excludes Executive Assistants and Administrative Assistants

5.02 **Director** includes direct reports to the Vice Presidents that have "Director" in their title

5.03 **Manager** includes direct reports to Vice-Presidents or Directors, including legal counsel, senior planners and other staff with "Manager" in their title, but excludes Executive Assistants and Administrative Assistants.

5.04 **Contracts** are binding agreements between two or more parties which may be issued in the form of a Purchase Order or a contract approved by Legal, Aboriginal & Regulatory Affairs department.

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

Procurement Policy; Code of Conduct for Officers, Employees and Agents of the OPA; Records Management Policy.

Appendix 1

Competitive Procurement Consulting Services/Goods and Non-Consulting Services *Excluding External Legal Services*	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Up to **$1,000,000**	Requires approval of CEO
Over **$1,000,000**	Requires approval of Board of Directors

Non-Competitive Procurement Consulting Services *Excluding External Legal Services*	
Up to **$100,000**	Requires approval of VP
Up to $1M	Requires approval of CEO, Board of Directors and Minister of Energy and Infrastructure
$1M or more	Requires approval of CEO, Board of Directors and Treasury Board/Management Board of Cabinet

Non-Competitive Procurement [1] [2] Goods and Non-Consulting Services *Excluding External Legal Services and Consulting Services*	
Up to **$5,000**	Requires approval of Manager or Director
Up to **$100,000**	Requires approval of VP
Up to **$250,000**	Requires approval of CEO
Over **$250,000**	Requires approval of Board of Directors

Competitive Procurement of External Legal Services	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Over **$250,000**	Requires approval of CEO

Non-Competitive Procurement of External Legal Services	
Up to **$100,000**	Requires approval of General Counsel, VP, Legal Aboriginal and Regulatory Affairs
Over **$100,000**	Requires approval of CEO

[1] Non-competitive contracts or purchase orders totaling $5,000 or over require a justification memo, to be submitted at the time of contract development.

[2] Delegation of authority and non-competitive procurement: VPs may not delegate authority to any other level of employee to authorize and sign a non-competitive contract. The CEO becomes the signing authority when the VP is absent.

All dollar values listed above exclude HST.

Any decision of the Board of Directors to appoint a delegate that is not listed in the above matrix to authorize any procurement will override the Signing Authorities Policy.

ONTARIO POWER AUTHORITY POLICY STATEMENT			
Office of Primary Responsibility	Finance and Administration	Policy #	**FIN-01**
Subject:	TREASURY POLICY	Page:	1 of 4
Approved by	Board of Directors	Effective	June 9, 2009
		Revised	Apr 1, 2009

1. POLICY STATEMENT

This policy establishes the requirements and guidelines for the management of the OPA's cash flows as well as the related banking, borrowing and investment activities.

2. PURPOSE:

The purpose of this Statement of Policy is to establish a framework for the sound and efficient management of the OPA's cash flows, as well as related banking, borrowing and investment activities

3. SCOPE

This policy applies to all management and staff of the OPA, or its service providers or agents, dealing with cash management, as well as related banking, borrowing and investment activities.

4. RESPONSIBILITY

4.01 **Manager, Treasury** is responsible for:

- Ensuring sound and efficient cash management, banking, borrowing and investment activities
- Investing only in the types of contracts permitted as listed below
- Not entering into prohibited contracts as listed below
- Developing and maintaining a daily cash flow spreadsheet.
- Developing and maintaining a cash flow forecast.
- Completion of a variance analysis between cash flow forecasts and actual cash flows in order to identify their cause and to improve cash flow forecasting.
- Ensuring that the OPA's borrowing requirements are met in a sound and efficient manner
- Performing a credit review of issuers, guarantors and instruments before submitting for approval by the CFO (or equivalent) and the CEO (or equivalent), including but not limited to, the entity's past business record, credit rating history and stability (where available), and, if possible, the entity's future prospects.
- Monitoring on an ongoing basis the credit record (or other measures of

financial robustness) of approved issuers, guarantors, and instruments after they have been approved

- Reporting on approved issuers, guarantors and instruments to the Board of Directors
- Ensuring ongoing compliance with the exposure limits as listed in Schedule I
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on exposures exceeding 75% of the approved credit limit
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on any exposures exceeding the approved credit limit including the development of a plan to reduce the exposure to the limit
- Completion of a quarterly Treasury Report listing all investment and borrowing activities for the quarter.
- Development of an annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Maintaining banking relationships including making recommendations on the opening/closing of bank accounts and the requirements for banking services.
- Recommending any additions/deletions/changes to the policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.

4.02 **Director, Finance and Administration** is responsible for:

- Monitoring compliance with this policy
- Review of the quarterly Treasury Report.
- Review of any proposed additions/deletions/changes to this policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.
- Review of the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities as prepared by the Manager, Treasury.

4.03 **The Chief Financial Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Reporting on at least a monthly basis on the compliance of the OPA's cash management and related banking, borrowing and investment activities with this policy statement to the CEO (or equivalent).
- Together with the CEO (or equivalent), approve all issuers, guarantors, dealers and instruments before they are employed in the borrowing and investment activities of the OPA

- Reporting to the Board of Directors on any counterparty exposures exceeding the approved credit limits including the plan to reduce the exposure to the limit as reported by the Director, Finance and Manager, Treasury.
- Reporting the up-to-date cash-flow forecast to the OPA Board of Directors on a quarterly basis
- Reporting on a quarterly basis any new or changes to approved issuers, guarantors, dealers and instruments to the OPA Board of Directors
- Presenting the quarterly Treasury Report to the Audit Committee.
- Reviewing any proposed additions/deletions/changes to the policy before submission to the OPA Board of Directors.
- Approval of the purchase of investments within signing authority levels.
- Reporting on the implementation of the annual plan to the Board of Directors on a quarterly basis
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors

4.04 **Chief Executive Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Presenting the annual plan and revisions to the OPA Board of Directors for approval
- Reporting at least quarterly to the OPA Board of Directors regarding compliance of the OPA's cash management and related banking, borrowing, and investment activities with this policy statement.
- Reporting to the OPA Board of Directors on a quarterly basis regarding the implementation of the annual plan and any exposures from the OPA's cash management and related banking, borrowing and investment activities
- Reporting to the OPA Board of Directors on any plans required to reduce or eliminate credit exposures
- Reporting to the Board of Directors any violations of this Investment Policy
- Together with the CFO (or equivalent), approving all issuers, guarantors, dealers and investments before they are employed in the borrowing and investment activities of the OPA; and
- Reviewing this policy statement from time to time, proposing changes to this policy statement to the OPA Board of Directors and presenting reasons and risks inherent in the proposed changes and corresponding risk controls.

4.05 **Board of Directors** are responsible for:

- Ensuring the policy statement does not contain any policy or procedure that would conflict with the requirements of sections 1-3 of Ontario Regulation 423/04
- Must bear in mind the timing considerations of the OPA's investments and borrowings in relation to the OPA's expected cash flow requirements in preparing the statement referred to in Ontario Regulation 423/04 section 4(1).
- Approving the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Approving any in-year adjustments to the annual plan
- Determining the senior officers of the OPA who shall execute contracts for banking services
- Approve any amendments to this Investment Policy statement.
- Ensuring compliance of the OPA's cash management as well as related banking, borrowing, and investment activities with this policy statement.
- The Chair of the Board of Directors may grant exceptions to this Investment Policy to satisfy operational needs as long as the exception does not lead to a violation of the regulation.
- Reviewing exceptions to this policy statement approved by the Chair between Board meetings.
- Ensure the policy and amendments are approved by the Minister of Finance.

4.06 **Internal Audit is responsible for:**

- Periodically reviewing the cash management and related banking, borrowing and investment activities to ensure compliance with this Investment Policy.

5. DEFINITIONS

5.01 **Permitted Borrowings:**

1. All borrowing must be denominated in Canadian dollars
2. Borrowing shall only be for the purposes permitted under Ontario Regulation 423/04
3. Permitted borrowing instruments include:
   a. Loans
   b. Bank lines of credit
   c. Issuance of short-term paper or bonds
      1. Short-term paper or bonds must be transacted through securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on the securities dealers:
         i. Credit-worthiness

ii. Timely and efficient execution and settlement of transactions
iii. Responsiveness
iv. Costs and
v. Value of services provided

and

2. A fiscal agent approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the fiscal agents:
   i. trust-worthiness
   ii. reliability in recording and transferring securities and funds between investors and the OPA
   iii. responsiveness
   iv. costs and
   v. value of services provided

5.02 **Permitted Investments:**

1. All investments must be denominated in Canadian dollars
2. Investments can only be made by the OPA in those types of securities permitted under Ontario Regulation 423/04.
3. Investments in financial instruments are permitted if they:
   a. Satisfy the requirements of the Investment Policy
   b. Have a term of one year or less from the date of purchase
   c. Meet the credit rating requirements listed in Schedule I to this policy
4. When investing in eligible securities, the OPA shall transact through:
   a. Securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on their:
      1. Credit-worthiness,
      2. Timely and efficient execution and settlement of transactions,
      3. Responsiveness,
      4. Costs, and
      5. Value of services provided.

   and

   b. A custodian approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the custodian's:
      1. trust-worthiness,
      2. reliability in recording and settling securities and funds between OPA,
      3. safekeeping of assets,
      4. responsiveness,
      5. costs, and
      6. value of services provided.
5. If a transaction does not settle, the OPA will work with the custodian to re-schedule the transaction. In addition, the OPA will arrange for

compensation for the failure or delay of the settlement if the OPA does not obtain contractual settlement provisions from the custodian.

6. If a counterparty to which the OPA has exposure defaults, the OPA will attempt to limit and recover its losses by exercising its rights as described in the applicable documentation, laws and regulations.

6.02 **Prohibited Borrowings:**

1. Borrowing in currencies other than Canadian dollars
2. Borrowing for purposes not permitted under Ontario Regulation 423/04

6.03 **Prohibited Investments:**

1. Interest rate or currency exchange agreements, forward rate agreements or any other type of financial agreement to manage its financial assets, liabilities or risks, except those permitted above
2. Investments in the types of securities not listed as permitted securities under Ontario Regulation 423/04
3. Investments in financial instruments:
   a. That fail to satisfy the requirements of the regulation
   b. With a term of more than one year from the date of purchase
   c. That are expressed or payable in any currency other than Canadian dollars
   d. That are in structured notes with embedded derivatives
   e. That the OPA cannot value, account or settle
   f. <u>That are any form of asset-backed commercial paper</u>

6.04 **Credit Limits**

- OPA will use DBRS short-term ratings to assign credit limits for short-term securities
- OPA will use Moody's or Standard & Poor's short-term ratings only if DBRS short term ratings are not available
- Where credit ratings are split between several rating agencies, the lowest rating shall apply
- Related issuers or guarantors will be treated as one issuer/guarantor
- The OPA CFO may set credit limits below the allowable maximum if warranted by the credit review
- Credit limits will be adjusted accordingly when the credit ratings of issuers, guarantors or instruments change
- In the case of a merger, the credit limit of the merged counterparty or issuer will correspond with the credit rating of the merged entity
- If an approved issuer, guarantor, or instrument is downgraded and the OPA holds a position in an affected security, the CFO will develop and

implement a plan to ensure that the exposure is in compliance with the lower limit

- Maximum credit limits are included in Schedule I. The purpose of the maximum credit limits are to ensure that credit exposures are diversified and remain within sound levels.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

November 22, 2016

Mr. Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

Dear Mr Listoe:

Re: IESO OFA, Amendment No. 9

Enclosed for your records are originals of (1) true copy of IESO board resolution dated November 15, 2016; (2) incumbency certificate setting forth all of IESO's current officers and directors, dated November 15, 2016 and (3) incumbency certificate signed by Kimberly Marshall, as authorized signatory of Amendment No. 9, dated November 22, 2016.

Yours truly,

Stephanie Yarmo
Legal Counsel
Planning, Legal, Indigenous Relations and Regulatory Affairs

Resolution of the Board of Directors

Independent Electricity System Operator

October 26, 2016

In Respect of the Renewal of the Existing $975 Million Credit Facility with the Ontario Financing Authority Expiring December 2016

BE IT RESOLVED THAT the renewal of the existing $975 million credit facility with the Ontario Financing Authority expiring December 2016 be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facility.

I certify that this is a true copy of the resolution approved by the Board of Directors of the Independent Electricity System Operator on October 26, 2016.

John M. Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

November 15, 2016

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

Re: Officers and Directors of the Independent Electricity System Operator

The undersigned, Secretary to the Independent Electricity System Operator (the "**Corporation**"), hereby certifies that:

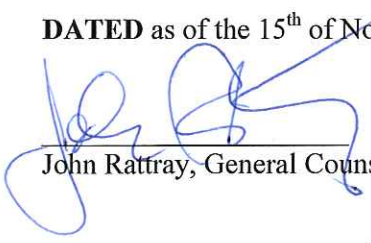
The current directors of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Timothy O'Neill	Director
Carole Workman	Director
Bruce B. Campbell	Director, President and Chief Executive Officer
Cynthia Chaplin	Director
Murray Elston	Director
William Museler	Director
Susanna Han	Director
Ronald Jamieson	Director
Margaret Kelch	Director
Bruce Lourie	Director
Deborah S. Whale	Director

The current officers of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Bruce B. Campbell	President and Chief Executive Officer
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer
JoAnne Butler	Vice President, Market and Resource Development
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer
Terry Young	Vice President, Conservation and Corporate Relations
Michael Lyle	Vice President, Planning, Legal, Indigenous Relations and Regulatory Affairs
John Rattray	General Counsel, Secretary and Chief Reliability Compliance Officer

DATED as of the 15th of November 2016.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices, and has the authority to execute Amendment No. 9 to the credit agreement (the "**Amendment**") between the IESO and the Ontario Financing Authority and any other documents related to the Amendment or such credit agreement; and

2. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this 22nd day of November, 2016.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 22nd day of November, 2016.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From: William Tan
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Monday, July 24, 2017 11:15:21 AM

Hi Sarah,
Please see below. I was asked to include JF on IESO emails.

From: Kelly Listoe
Sent: Monday, July 24, 2017 11:08 AM
To: William Tan
Cc: Jean-Francois Beaupre
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Thanks, Will. You may want to copy JF on everything as he is acting Manager.
Kelly

From: William Tan
Sent: Monday, July 24, 2017 11:06 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Monday, July 24, 2017 11:15:21 AM

Hi Sarah,
Please see below. I was asked to include JF on IESO emails.

From: Kelly Listoe
Sent: Monday, July 24, 2017 11:08 AM
To: William Tan
Cc: Jean-Francois Beaupre
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Thanks, Will. You may want to copy JF on everything as he is acting Manager.
Kelly

From: William Tan
Sent: Monday, July 24, 2017 11:06 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
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Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Good morning Anthony,
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Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Wednesday, July 26, 2017 8:46:59 AM
Attachments: Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc
Certified Res"n_ Approval of Fair Hydro Credit Facility July 24 draft.doc

---

Hello Lisa,
Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan
Cc: Sarah Harris ; Kelly Listoe ; Lisa Stein ; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.
Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>

Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,
We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow

*funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:08 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

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Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: IESO : OFA new FH credit facility
Date: Monday, July 24, 2017 2:03:22 PM

Hello Lisa,
Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.
Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris
Cc: Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein ; William Tan
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.

b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.

c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

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To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 11:55:54 AM
Attachments: Re additional IESO Proposed Changes to OFHP Credit Facility.msg

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From: Mike Manning []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: Re: additional IESO Proposed Changes to OFHP Credit Facility
Date: Wednesday, July 12, 2017 07:06:28

Hi William:
I think we can accommodate 5 days.
Thanks, Mike

Sent from my iPad

On Jul 11, 2017, at 5:26 PM, William Tan <William.Tan@ofina.on.ca> wrote:

Hello Mike,

We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.

Noted in the original IESO FHP request:

- New $2 billion FHP Credit Facility
- Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
- 5 year term, expires September 30, 2022.
- Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.

Proposed change: minimum 5 days, to a maximum of 95 days draw.

Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?

I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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<mime-attachment>
<IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX>

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We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From: Mike Manning []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: Re: additional IESO Proposed Changes to OFHP Credit Facility
Date: Wednesday, July 12, 2017 07:06:28

Hi William:
I think we can accommodate 5 days.
Thanks, Mike

Sent from my iPad

On Jul 11, 2017, at 5:26 PM, William Tan <William.Tan@ofina.on.ca> wrote:

Hello Mike,

We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.

Noted in the original IESO FHP request:

- New $2 billion FHP Credit Facility
- Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
- 5 year term, expires September 30, 2022.
- Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.

Proposed change: minimum 5 days, to a maximum of 95 days draw.

Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?

I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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<mime-attachment>
<IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX>

From: Sarah Harris
To: Sarah Neville; Lisa Stein
Cc: William Tan
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 7:35:31 AM

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara
Cc: Sarah Harris ; William Tan ; Gavin He ; Anthony Martinello
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

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Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
Will

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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

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Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

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Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
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Thanks,

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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Let me know if you have any other questions.
Regards,
Victor

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From:	Sarah Harris
To:	Lisa Stein; Sarah Neville
Cc:	William Tan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 11:10:10 AM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah/Lisa,
Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.
Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza'
Cc: Sarah Harris ; William Tan ; Gavin He ; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

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Bruno Amara
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Regards,
Victor

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
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Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and ~~"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

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Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	Lisa Stein; Sarah Neville
Cc:	William Tan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 11:10:10 AM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah/Lisa,
Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.
Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza'
Cc: Sarah Harris ; William Tan ; Gavin He ; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Subject: RE: IESO : OFA new FH credit facility

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Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

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We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

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~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

Formatted: Indent: Left: 2.5", First line: 0.5"

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 10:27:59 AM

Related e-mail to Anthony.

Sarah

From: Sarah Harris

Sent: Thursday, July 13, 2017 9:41 AM

To: 'Anthony Martinello'

Cc: Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein ; William Tan

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan

Sent: Wednesday, July 12, 2017 4:29 PM

To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 28, 2017 12:35 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno

Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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Sarah

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Sent: Wednesday, July 12, 2017 4:29 PM

To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

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Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

Will,

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Regards

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From: William Tan
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 21, 2017 1:16:10 PM

Hello Sarah,
This is my draft email to Victor and Anthony. Let's discuss.
Hello Victor,
We apologize for the delay in replying back. The proposed changes to Amending Agreement 10, which triggered internal discussions which led to the delays. If we can agree to "sticking points" I can send you a draft early next week.

Paragraph 2

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. The mark-up tracks changes to the OFA's original drafting.

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40 . "

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Paragraph 4, "Use of Proceeds"

Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before the summer break.

Directive Minister of Finance Ontario Power Authority Credit Facility - Dec 18, 2013 allows for:

- Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

Directive Minister of Finance Independent Electricity System Operator Credit Facility - Nov 28, 2016 allows for:

- Provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

IESO proposed change to "Use of Proceeds".

"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time." "

IESO proposed change to "Use of Proceeds".

"4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes." "

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 10:27:44 AM
Attachments:	RE IESO OFA OFHP Credit Facility - meeting with Anthony Martinello.msg

FYI…Nothing earth shattering, just making you aware.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 9:02 AM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,

We never discussed with Anthony; it was an offline part of the conversation to which Anthony was not privy. When you sent your draft responses to me, I specifically noted, "*…however, you can't send Anthony the following phrase: " In the unlikely event, IESO IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million." That is our internal back up and he would not be aware of it. In the event we see IESO heading in the direction of exceeding $475M, then we bring it up*."

This was not to be brought up with IESO until such possible time that IESO risked breaching the $475 million mark. Anthony indicated in the call that there was the other TD line of credit that they could use if funding needs started reaching the $475 million mark. Anthony, however, didn't 'guarantee' that would happen in the event the their funding needs exceeded $475M before the other facility was signed (as mentioned in his follow-up e-mail, which was what we were to confirm i.e. that Anthony had agreed to use the TD line). As part of our internal OFA contingency, we agreed that if we saw IESO heading in that direction, we could decrease the size $2B FHP facility to ensure the total borrowing didn't exceed $2.475B at any time.

We worked out an understanding on the phone re: 1) executing the amending agreement 1st to reduce the existing $975M credit facility to by $500M to $475 as quickly as possible first, before the new $2B FHP facility (that was because IESO's legal was bogged down and couldn't do both quickly) and 2) that IESO had a TD line of Credit that IESO could tap to bridge a funding gap if IESO saw itself exceeding the $475 million prior to the new $2B facility being signed. Given this understanding, from a relationship aspect with IESO, we don't pull out the 'big guns' (i.e. changing the proposed framework of the credit facilities), without first giving them the chance to live up to their agreed commitments.

Bear in mind that this is a high profile facility and you're not the only OFA employee having conversations with IESO. By introducing this surprise element to Anthony, he may start checking internally at IESO about the origins of this proposal, and this may be brought up to higher levels of the OFA through different channels. Had we kept this contingency internally, we could have briefed all parties in the OFA (up to and including our CEO), so that they would be aware of any developments and there would be no surprises.

I will e-mail Anthony to provide some context, and to clarify the nature of the e-mail that you sent to him.

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 10:55 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah,

I called him but couldn't reach him before I sent the email. I was fairly certain he agreed to it. Would you like me to reach him to see if he's still fine with it?

From: Sarah Harris
Sent: Wednesday, July 12, 2017 10:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility

Will,

Did you speak to Anthony and did he agree to reduce the $2 billion FHP Credit Facility if IESO exceeds $475 million under the existing facility?

Thanks,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello'
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

> Hello Anthony,
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From: Sarah Harris []
To: William Tan [William.Tan@ofina.on.ca]
Subject: RE: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello
Date: Monday, July 10, 2017 12:28:41

Hi Will,

Please see below my changes.

You'll have to further change the first paragraph in 1., since IESO sent the comments on the amending agreement on Friday. Remember that #1 should only be circulated internally.

You'll be unable to send the #2 proposed e-mail, because IESO has also sent back the draft. You may be able to incorporate it into that information in your response to IESO when you provide our comments on the amending agreement, however, you can't send Anthony the following phrase: " In the unlikely event, IESO IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million." That is our internal back up and he would not be aware of it. In the event we see IESO heading in the direction of exceeding $475M, then we bring it up.

Thanks,
Sarah

From: William Tan
Sent: Friday, July 07, 2017 10:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello

Hello Sarah,

I have cleaned up some of the language recording the meeting with Anthony and the solutions agreed upon. I hope this suits you.

Thanks,

Will

1.
Hello all,

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to

Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This ~~term~~ information was included in the briefing ~~note~~ material ~~and~~ for the approval of the lending directive [and/or OIC?] [NTD: the information wasn't in the directive. Please confirm if it was Directive or OIC: I don't remember which one off hand] to assist the Ministry of Finance in its decision to approve the [order in council and directive NTD: confirm per previous comment] for the new $2B FHP Credit Facility. Accordingly, the total credit limit to be available under the combined facilities would be a total $2.475 billion ~~credit facility limit~~.

In order to ~~operate~~ proceed in a manner consistent with the FHP loan framework ~~approved~~ presented to ~~by~~ the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new $2B FHP credit facility, with a combined limit of $2.475 B) , IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility. ~~This approach avoids violating the terms at which the OIC and lending was approved while facilitating each part of the process.~~

Reducing the $975M credit facility first mitigates~~, approach is based on~~ the ~~remote~~ possibility of IESO exceeding~~s~~ the $475 million ~~credit facility~~ revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement , IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does ~~Also, any amount~~ exceed~~ing~~ $475 million before the existing credit facility is reduced, the remedy ~~result~~ would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will

2.
Hello Anthony,

Thank you for your email. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 10:27:44 AM
Attachments:	RE IESO OFA OFHP Credit Facility - meeting with Anthony Martinello.msg

FYI…Nothing earth shattering, just making you aware.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 9:02 AM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,

We never discussed with Anthony; it was an offline part of the conversation to which Anthony was not privy. When you sent your draft responses to me, I specifically noted, "*…however, you can't send Anthony the following phrase: " In the unlikely event, IESO IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million." That is our internal back up and he would not be aware of it. In the event we see IESO heading in the direction of exceeding $475M, then we bring it up*."

This was not to be brought up with IESO until such possible time that IESO risked breaching the $475 million mark. Anthony indicated in the call that there was the other TD line of credit that they could use if funding needs started reaching the $475 million mark. Anthony, however, didn't 'guarantee' that would happen in the event the their funding needs exceeded $475M before the other facility was signed (as mentioned in his follow-up e-mail, which was what we were to confirm i.e. that Anthony had agreed to use the TD line). As part of our internal OFA contingency, we agreed that if we saw IESO heading in that direction, we could decrease the size $2B FHP facility to ensure the total borrowing didn't exceed $2.475B at any time.

We worked out an understanding on the phone re: 1) executing the amending agreement 1st to reduce the existing $975M credit facility to by $500M to $475 as quickly as possible first, before the new $2B FHP facility (that was because IESO's legal was bogged down and couldn't do both quickly) and 2) that IESO had a TD line of Credit that IESO could tap to bridge a funding gap if IESO saw itself exceeding the $475 million prior to the new $2B facility being signed. Given this understanding, from a relationship aspect with IESO, we don't pull out the 'big guns' (i.e. changing the proposed framework of the credit facilities), without first giving them the chance to live up to their agreed commitments.

Bear in mind that this is a high profile facility and you're not the only OFA employee having conversations with IESO. By introducing this surprise element to Anthony, he may start checking internally at IESO about the origins of this proposal, and this may be brought up to higher levels of the OFA through different channels. Had we kept this contingency internally, we could have briefed all parties in the OFA (up to and including our CEO), so that they would be aware of any developments and there would be no surprises.

I will e-mail Anthony to provide some context, and to clarify the nature of the e-mail that you sent to him.

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 10:55 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah,

I called him but couldn't reach him before I sent the email. I was fairly certain he agreed to it. Would you like me to reach him to see if he's still fine with it?

From: Sarah Harris
Sent: Wednesday, July 12, 2017 10:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility

Will,

Did you speak to Anthony and did he agree to reduce the $2 billion FHP Credit Facility if IESO exceeds $475 million under the existing facility?

Thanks,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello'
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

> Hello Anthony,
>
> Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.
>
> Best regards,
>
> Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts

and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	William Tan
To:	"Anthony Martinello"
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject:	FW: IESO : OFA new FH credit facility
Date:	Wednesday, July 12, 2017 4:29:05 PM

Hello Anthony,

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Regards

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From: Sarah Harris
To: William Tan
Subject: FW: IESO : OFA new FH credit facility
Date: Tuesday, July 11, 2017 10:11:17 AM

Hi Will,
Thoughts?
Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, July 10, 2017 4:08 PM
To: William Tan
Cc: Sarah Harris ; Victor Buza ; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

We are working on the $2B draft now.
Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
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Thanks,
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

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Subject: RE: IESO : OFA new FH credit facility

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From:	William Tan
To:	Sarah Harris
Subject:	FW: IESO : OFA new FH credit facility
Date:	Monday, July 10, 2017 1:17:10 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah,

I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

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Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40,~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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MOF LSB to comment as well.
I agree with the change.

To be consistent with the new $2 billion credit facility, should we include "The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

Commented [A12]: Schedule 3 is correct.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A13]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A14]: OFA Legal to confirm. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine this.

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A15]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	Sarah Harris
Subject:	FW: IESO : OFA new FH credit facility
Date:	Monday, July 10, 2017 1:17:10 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah,

I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
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Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

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3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

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To be consistent with the new $2 billion credit facility, should we include "The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

Commented [A12]: Schedule 3 is correct.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A13]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A14]: OFA Legal to confirm. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine this.

Formatted: Indent: Left: 2.5", First line: 0.5"

By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A15]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; "Victor.Buza@ieso.ca"
Subject:	FW: IESO : OFA new FH credit facility
Date:	Tuesday, June 27, 2017 10:52:25 PM
Attachments:	IESO_OFA Amendment No 10.doc

Hello Anthony,
Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
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Have a great weekend.
Will

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Subject: FW: IESO : OFA new FH credit facility

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Thanks,

Will

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Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from $975,000,000 to a principal amount of up to $475,000,000;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

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This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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-and-

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

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AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from $975,000,000 to a principal amount of up to $475,000,000;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: William Tan
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 21, 2017 1:16:10 PM

Hello Sarah,
This is my draft email to Victor and Anthony. Let's discuss.
Hello Victor,
We apologize for the delay in replying back. The proposed changes to Amending Agreement 10, which triggered internal discussions which led to the delays. If we can agree to "sticking points" I can send you a draft early next week.

Paragraph 2

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. The mark-up tracks changes to the OFA's original drafting.

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40 . "

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Paragraph 4, "Use of Proceeds"

Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before the summer break.

Directive Minister of Finance Ontario Power Authority Credit Facility - Dec 18, 2013 allows for:

- Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

Directive Minister of Finance Independent Electricity System Operator Credit Facility - Nov 28, 2016 allows for:

- Provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

IESO proposed change to "Use of Proceeds".

"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time." "

IESO proposed change to "Use of Proceeds".

"4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes." "

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Date: Tuesday, June 27, 2017 11:52:00 AM

Hello Sarah,
I spoke to Anthony on the telephone. He told me that his internal lawyers are reviewing the credit facility but comments won't returned until next week. He said that he is not concerned because he can draw on the $475 million credit facility and doesn't expect to exceed that. This was mentioned during his conversations with and Gadi (paraphrasing). He has a small legal team and they are working on a number of things and they are swamped.
I asked him if there are any hurdles I can help eliminate. He said no.

I politely mentioned that the directive says that the credit facility is to be in place July 1st . He said he would look at that and would light a fire under someone if he has too. I mentioned that other issue is the availability of signatories going into a holiday. He agreed.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, June 27, 2017 11:25 AM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
905-403-6944

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 11:25 AM
To: Anthony Martinello
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May I have your telephone number so I can give you a call?
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Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Have a great weekend.

Will

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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Subject: RE: IESO : OFA new FH credit facility

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Cc: Sarah Harris; Salman Qadir
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	"Victor.Buza@ieso.ca"; Sarah Harris; Salman Qadir; Bruno Amara
Subject:	FW: IESO : OFA new FH credit facility
Date:	Tuesday, June 27, 2017 10:34:35 AM
Attachments:	Incumbencycert.pdf statement of policy.pdf

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
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Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

November 22, 2016

Mr. Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

Dear Mr Listoe:

Re: IESO OFA, Amendment No. 9

Enclosed for your records are originals of (1) true copy of IESO board resolution dated November 15, 2016; (2) incumbency certificate setting forth all of IESO's current officers and directors, dated November 15, 2016 and (3) incumbency certificate signed by Kimberly Marshall, as authorized signatory of Amendment No. 9, dated November 22, 2016.

Yours truly,

Stephanie Yarmo
Legal Counsel
Planning, Legal, Indigenous Relations and Regulatory Affairs

Resolution of the Board of Directors

Independent Electricity System Operator

October 26, 2016

In Respect of the Renewal of the Existing $975 Million Credit Facility with the Ontario Financing Authority Expiring December 2016

BE IT RESOLVED THAT the renewal of the existing $975 million credit facility with the Ontario Financing Authority expiring December 2016 be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facility.

I certify that this is a true copy of the resolution approved by the Board of Directors of the Independent Electricity System Operator on October 26, 2016.

John M. Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

November 15, 2016

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

Re: Officers and Directors of the Independent Electricity System Operator

The undersigned, Secretary to the Independent Electricity System Operator (the "**Corporation**"), hereby certifies that:

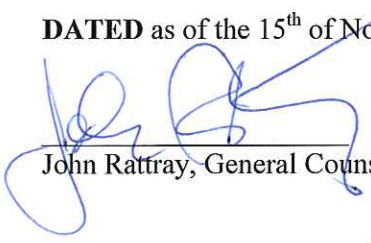
The current directors of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Timothy O'Neill	Director
Carole Workman	Director
Bruce B. Campbell	Director, President and Chief Executive Officer
Cynthia Chaplin	Director
Murray Elston	Director
William Museler	Director
Susanna Han	Director
Ronald Jamieson	Director
Margaret Kelch	Director
Bruce Lourie	Director
Deborah S. Whale	Director

The current officers of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Bruce B. Campbell	President and Chief Executive Officer
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer
JoAnne Butler	Vice President, Market and Resource Development
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer
Terry Young	Vice President, Conservation and Corporate Relations
Michael Lyle	Vice President, Planning, Legal, Indigenous Relations and Regulatory Affairs
John Rattray	General Counsel, Secretary and Chief Reliability Compliance Officer

DATED as of the 15th of November 2016.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices, and has the authority to execute Amendment No. 9 to the credit agreement (the "**Amendment**") between the IESO and the Ontario Financing Authority and any other documents related to the Amendment or such credit agreement; and

2. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this 22nd day of November, 2016.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 22nd day of November, 2016.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

ONTARIO POWER AUTHORITY STATEMENT of POLICY			
Office of Primary Responsibility:	Business Strategies & Solutions	Policy No.	**FIN-05**
Section:	Corporate Governance	Effective:	Sept. 8, 2005
Approved by:	**Board of Directors**	Last Revised:	Oct 20, 2010
Subject:	**SIGNING AUTHORITIES**	Page:	1 of 6

1 PURPOSE

1.01 The purpose of this policy is to denote the type and level of authority delegated by the Board of Directors to specific OPA employees.

2 SCOPE

2.01 This policy applies to the Board of Directors and all employees of the company for all transactions made on behalf of the OPA.

3 POLICY

3.01 The Signing Authorities Policy table is, at all times, to be read in conjunction with the following statements of principle:

- All transactions approved by OPA employees must be in accordance with this Signing Authorities Policy and all OPA corporate policies in place at that time (e.g. Employee Code of Conduct, Business Expense Policy, Conflict of Interest, Human Resources, OPA Procurement Policy, etc.).
- The OPA Board of Directors holds ultimate responsibility for the affairs of the OPA. Article 5.1 of the Governance & Structure By-Law allows the delegation of certain powers or duties by the Board.
- The OPA Board has delegated authorities based on both the dollar value and the specific nature of a transaction. Irrespective of the transaction being within levels delegated by the OPA Board, in all instances, consideration must be given as to whether the transaction is of a sufficiently important nature to be brought to the Audit Committee of the OPA Board for recommendation of support for subsequent approval by the OPA Board. Guidance may be obtained from Finance department.
- All changes to the Signing Authority Policy require the approval of the OPA Board of Directors.

3.02 Except for temporary delegations of signing authority, in no instance may one hundred percent of the authorities delegated within this policy be delegated downward to the next level within the organization.

3.03 Unless otherwise authorized by the CEO, signing authority may be delegated to OPA employees only. On an exception basis, the CEO may authorize delegation of signing authority for specific items to those individuals or employees of other organizations who are performing work on behalf of the OPA.

3.04 No person is authorized to sign a cheque or otherwise authorize a payment to himself or herself or to a person or entity in which, under the OPA's Conflict of Interest policy, they have a material interest.

3.05 Signing authority may be delegated on a temporary basis by completing a "Delegation of Signing Authority" form. This form must include approvals of the delegating signing authority and the delegating authority's supervisor. Delegation for individual competitive procurement transactions can be done electronically within the accounting application by the individual delegating the authority and without the approval of their immediate supervisor.

3.06 No political donations of any type are allowed, regardless of the amount. No employee shall be allowed reimbursement, directly or indirectly, for any political donations. The definition of political donations includes any money paid or assumption of expenses incurred for goods or services in relation to any political party, constituency, or candidate for public office.

3.07 The CEO must approve all charitable donations made by the OPA in advance of such donation.

3.08 All legal agreements, except for previously approved standard OPA legal agreements, are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature, regardless of the dollar value or the length of the agreement. All standard legal agreements with potential to have a significant financial impact are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature. Standard legal agreements and purchase orders are to be used only in those circumstances determined by Legal, Aboriginal & Regulatory Affairs.

3.09 The signature of the authorizing individual, or in the case of the Board of Directors, a resolution or minutes attesting to the matter, signed by the Secretary of the Board, constitutes authorization.

3.10 **Signing Authorities Policy Table**

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
A. Managing Within Approved Budget				
1. Reallocation of Approved Corporate/Business Unit Budget	$500,000	$250,000		
B. Regular Staff Levels (FTE Count)				
1. Redistribution of Staff (within approved budget)	Within the OPA	Within the Division		
C. Individual Procurement Transactions – For additional details, refer to Appendix 1				
1. Management Consulting Services including Contract Staff; and, General, Commodity, Infrastructure, and Services Purchases				

[1] Includes Legal Counsel, Senior Planners, and all other staff with "Manager" in their title

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
Competitive	$1,000,000	$250,000	$100,000	$50,000
Non-Competitive	$250,000	$100,000	$5,000	$5,000
Non-Competitive Consulting	$100,000	$100,000		
2. Individual Procurement Transactions for External Legal Services				
Competitive	Over $250,000	$250,000	$100,000	$50,000
Non-Competitive	Over $100,000	$100,000		
D. Assets				
1. Sale or write-off of Surplus Capital Assets (Net Loss on Sale/Disposal) / Write-Down or Write-Offs of All Other Assets	$500,000		$100,000 (Dir. Fin. only)	
E. Cheques				
1. Manual	Any two of the following: Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Automated	The automated/electronic signature of any one or two of the following: The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
F. Chief Executive Officer's Expenses				
1. Approval of CEO's expenses	Chair of the Board, or, in his or her absence, the Chair of the Audit Committee			
G. Electricity Supply Procurement and Service Contracts				
1. Make periodic payments to electricity supply counterparties for all procurement and service contracts	Any two of the following: CEO, Vice Presidents, Director of Finance and Director of Contract Management			
H. Investments and Borrowings				
1. Approve an investment in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Initiate a loan or borrowing transaction in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			

3.11 Notwithstanding sections 3.01 and 4.06, the Chief Executive Officer shall have the authority to revise this Policy in respect of position designations below the level of the Chief Executive Officer, and the definitions in clauses 5.01 and 5.02 in section 5.

3.12 Authorities delegated to individuals holding positions named in this Signing Authorities Policy shall only be exercised to execute transactions within the scope of their position and responsibility.

4 RESPONSIBILITY

4.01 **All employees** are responsible for:

- Ensuring that the necessary approval has been given before a commitment is made on behalf of the OPA.

4.02 **Holders of Delegated Authority** are responsible for:

- Informing Finance Department of approved delegations of authority through completion of the Delegation of Authority Form or by delegating the authority electronically within the accounting application as described in 3.05.
- Requesting guidance from Finance department when a contemplated transaction is within delegated authority but may be of sufficient importance to require prior review by the Audit Committee of the Board of Directors
- Requesting review from Legal, Aboriginal & Regulatory Affairs department of all standard legal agreements with potential to have a significant financial impact; and
- Review, approval and signature, pursuant to the Signing Authority Policy, of Business Unit requisitions and contracts.

4.03 **Finance** department is responsible for:

- Maintaining a file of Delegated Authorities;
- Working with Legal, Aboriginal & Regulatory Affairs in providing guidance regarding transactions whose nature or importance may warrant the attention of the Audit Committee of the OPA Board prior to procurement;
- Periodic review of the Signing Authorities Policy; and
- Annually preparing a report listing all payments made to, or on behalf of, the OPA's Chair and CEO for review by the Board of Directors.

4.04 **Legal, Aboriginal & Regulatory Affairs** department is responsible for:

- Development of standard legal agreements and general guidelines for their use;

- Assisting Finance in reviewing the use of a standard legal agreement in a situation with potential to have a significant financial impact; and
- Review and approval of all non-standard legal agreements.

4.05 **CEO** is responsible for:

- Approval, where warranted, of delegation of authority to those individuals or employees of other organizations who are performing work on behalf of the OPA; and
- Approval, in advance, of all charitable donations made by the OPA.

4.06 **Board of Directors** is responsible for:

- Approval of changes to the Signing Authorities Policy; and,
- Review of report of all payments made to, or on behalf of, the OPA's Chair and CEO.

5 DEFINITIONS

5.01 **Vice-President** includes direct reports to the CEO but excludes Executive Assistants and Administrative Assistants

5.02 **Director** includes direct reports to the Vice Presidents that have "Director" in their title

5.03 **Manager** includes direct reports to Vice-Presidents or Directors, including legal counsel, senior planners and other staff with "Manager" in their title, but excludes Executive Assistants and Administrative Assistants.

5.04 **Contracts** are binding agreements between two or more parties which may be issued in the form of a Purchase Order or a contract approved by Legal, Aboriginal & Regulatory Affairs department.

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

Procurement Policy; Code of Conduct for Officers, Employees and Agents of the OPA; Records Management Policy.

Appendix 1

Competitive Procurement Consulting Services/Goods and Non-Consulting Services *Excluding External Legal Services*	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Up to **$1,000,000**	Requires approval of CEO
Over **$1,000,000**	Requires approval of Board of Directors

Non-Competitive Procurement Consulting Services *Excluding External Legal Services*	
Up to **$100,000**	Requires approval of VP
Up to $1M	Requires approval of CEO, Board of Directors and Minister of Energy and Infrastructure
$1M or more	Requires approval of CEO, Board of Directors and Treasury Board/Management Board of Cabinet

Non-Competitive Procurement [1] [2] Goods and Non-Consulting Services *Excluding External Legal Services and Consulting Services*	
Up to **$5,000**	Requires approval of Manager or Director
Up to **$100,000**	Requires approval of VP
Up to **$250,000**	Requires approval of CEO
Over **$250,000**	Requires approval of Board of Directors

Competitive Procurement of External Legal Services	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Over **$250,000**	Requires approval of CEO

Non-Competitive Procurement of External Legal Services	
Up to **$100,000**	Requires approval of General Counsel, VP, Legal Aboriginal and Regulatory Affairs
Over **$100,000**	Requires approval of CEO

[1] Non-competitive contracts or purchase orders totaling $5,000 or over require a justification memo, to be submitted at the time of contract development.

[2] Delegation of authority and non-competitive procurement: VPs may not delegate authority to any other level of employee to authorize and sign a non-competitive contract. The CEO becomes the signing authority when the VP is absent.

All dollar values listed above exclude HST.

Any decision of the Board of Directors to appoint a delegate that is not listed in the above matrix to authorize any procurement will override the Signing Authorities Policy.

ONTARIO POWER AUTHORITY POLICY STATEMENT			
Office of Primary Responsibility	Finance and Administration	Policy #	**FIN-01**
Subject:	TREASURY POLICY	Page:	1 of 4
Approved by	Board of Directors	Effective	June 9, 2009
		Revised	Apr 1, 2009

1. POLICY STATEMENT

This policy establishes the requirements and guidelines for the management of the OPA's cash flows as well as the related banking, borrowing and investment activities.

2. PURPOSE:

The purpose of this Statement of Policy is to establish a framework for the sound and efficient management of the OPA's cash flows, as well as related banking, borrowing and investment activities

3. SCOPE

This policy applies to all management and staff of the OPA, or its service providers or agents, dealing with cash management, as well as related banking, borrowing and investment activities.

4. RESPONSIBILITY

4.01 **Manager, Treasury** is responsible for:

- Ensuring sound and efficient cash management, banking, borrowing and investment activities
- Investing only in the types of contracts permitted as listed below
- Not entering into prohibited contracts as listed below
- Developing and maintaining a daily cash flow spreadsheet.
- Developing and maintaining a cash flow forecast.
- Completion of a variance analysis between cash flow forecasts and actual cash flows in order to identify their cause and to improve cash flow forecasting.
- Ensuring that the OPA's borrowing requirements are met in a sound and efficient manner
- Performing a credit review of issuers, guarantors and instruments before submitting for approval by the CFO (or equivalent) and the CEO (or equivalent), including but not limited to, the entity's past business record, credit rating history and stability (where available), and, if possible, the entity's future prospects.
- Monitoring on an ongoing basis the credit record (or other measures of

financial robustness) of approved issuers, guarantors, and instruments after they have been approved

- Reporting on approved issuers, guarantors and instruments to the Board of Directors
- Ensuring ongoing compliance with the exposure limits as listed in Schedule I
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on exposures exceeding 75% of the approved credit limit
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on any exposures exceeding the approved credit limit including the development of a plan to reduce the exposure to the limit
- Completion of a quarterly Treasury Report listing all investment and borrowing activities for the quarter.
- Development of an annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Maintaining banking relationships including making recommendations on the opening/closing of bank accounts and the requirements for banking services.
- Recommending any additions/deletions/changes to the policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.

4.02 **Director, Finance and Administration** is responsible for:

- Monitoring compliance with this policy
- Review of the quarterly Treasury Report.
- Review of any proposed additions/deletions/changes to this policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.
- Review of the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities as prepared by the Manager, Treasury.

4.03 **The Chief Financial Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Reporting on at least a monthly basis on the compliance of the OPA's cash management and related banking, borrowing and investment activities with this policy statement to the CEO (or equivalent).
- Together with the CEO (or equivalent), approve all issuers, guarantors, dealers and instruments before they are employed in the borrowing and investment activities of the OPA

- Reporting to the Board of Directors on any counterparty exposures exceeding the approved credit limits including the plan to reduce the exposure to the limit as reported by the Director, Finance and Manager, Treasury.
- Reporting the up-to-date cash-flow forecast to the OPA Board of Directors on a quarterly basis
- Reporting on a quarterly basis any new or changes to approved issuers, guarantors, dealers and instruments to the OPA Board of Directors
- Presenting the quarterly Treasury Report to the Audit Committee.
- Reviewing any proposed additions/deletions/changes to the policy before submission to the OPA Board of Directors.
- Approval of the purchase of investments within signing authority levels.
- Reporting on the implementation of the annual plan to the Board of Directors on a quarterly basis
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors

4.04 **Chief Executive Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Presenting the annual plan and revisions to the OPA Board of Directors for approval
- Reporting at least quarterly to the OPA Board of Directors regarding compliance of the OPA's cash management and related banking, borrowing, and investment activities with this policy statement.
- Reporting to the OPA Board of Directors on a quarterly basis regarding the implementation of the annual plan and any exposures from the OPA's cash management and related banking, borrowing and investment activities
- Reporting to the OPA Board of Directors on any plans required to reduce or eliminate credit exposures
- Reporting to the Board of Directors any violations of this Investment Policy
- Together with the CFO (or equivalent), approving all issuers, guarantors, dealers and investments before they are employed in the borrowing and investment activities of the OPA; and
- Reviewing this policy statement from time to time, proposing changes to this policy statement to the OPA Board of Directors and presenting reasons and risks inherent in the proposed changes and corresponding risk controls.

4.05 **Board of Directors** are responsible for:

- Ensuring the policy statement does not contain any policy or procedure that would conflict with the requirements of sections 1-3 of Ontario Regulation 423/04
- Must bear in mind the timing considerations of the OPA's investments and borrowings in relation to the OPA's expected cash flow requirements in preparing the statement referred to in Ontario Regulation 423/04 section 4(1).
- Approving the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Approving any in-year adjustments to the annual plan
- Determining the senior officers of the OPA who shall execute contracts for banking services
- Approve any amendments to this Investment Policy statement.
- Ensuring compliance of the OPA's cash management as well as related banking, borrowing, and investment activities with this policy statement.
- The Chair of the Board of Directors may grant exceptions to this Investment Policy to satisfy operational needs as long as the exception does not lead to a violation of the regulation.
- Reviewing exceptions to this policy statement approved by the Chair between Board meetings.
- Ensure the policy and amendments are approved by the Minister of Finance.

4.06 **Internal Audit is responsible for:**

- Periodically reviewing the cash management and related banking, borrowing and investment activities to ensure compliance with this Investment Policy.

5. DEFINITIONS

5.01 **Permitted Borrowings:**

1. All borrowing must be denominated in Canadian dollars
2. Borrowing shall only be for the purposes permitted under Ontario Regulation 423/04
3. Permitted borrowing instruments include:
   a. Loans
   b. Bank lines of credit
   c. Issuance of short-term paper or bonds
      1. Short-term paper or bonds must be transacted through securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on the securities dealers:
         i. Credit-worthiness

ii. Timely and efficient execution and settlement of transactions
iii. Responsiveness
iv. Costs and
v. Value of services provided

and

2. A fiscal agent approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the fiscal agents:
   i. trust-worthiness
   ii. reliability in recording and transferring securities and funds between investors and the OPA
   iii. responsiveness
   iv. costs and
   v. value of services provided

5.02 **Permitted Investments:**

1. All investments must be denominated in Canadian dollars
2. Investments can only be made by the OPA in those types of securities permitted under Ontario Regulation 423/04.
3. Investments in financial instruments are permitted if they:
   a. Satisfy the requirements of the Investment Policy
   b. Have a term of one year or less from the date of purchase
   c. Meet the credit rating requirements listed in Schedule I to this policy
4. When investing in eligible securities, the OPA shall transact through:
   a. Securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on their:
      1. Credit-worthiness,
      2. Timely and efficient execution and settlement of transactions,
      3. Responsiveness,
      4. Costs, and
      5. Value of services provided.

   and

   b. A custodian approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the custodian's:
      1. trust-worthiness,
      2. reliability in recording and settling securities and funds between OPA,
      3. safekeeping of assets,
      4. responsiveness,
      5. costs, and
      6. value of services provided.
5. If a transaction does not settle, the OPA will work with the custodian to re-schedule the transaction. In addition, the OPA will arrange for

compensation for the failure or delay of the settlement if the OPA does not obtain contractual settlement provisions from the custodian.

6. If a counterparty to which the OPA has exposure defaults, the OPA will attempt to limit and recover its losses by exercising its rights as described in the applicable documentation, laws and regulations.

6.02 **Prohibited Borrowings:**

1. Borrowing in currencies other than Canadian dollars
2. Borrowing for purposes not permitted under Ontario Regulation 423/04

6.03 **Prohibited Investments:**

1. Interest rate or currency exchange agreements, forward rate agreements or any other type of financial agreement to manage its financial assets, liabilities or risks, except those permitted above
2. Investments in the types of securities not listed as permitted securities under Ontario Regulation 423/04
3. Investments in financial instruments:
   a. That fail to satisfy the requirements of the regulation
   b. With a term of more than one year from the date of purchase
   c. That are expressed or payable in any currency other than Canadian dollars
   d. That are in structured notes with embedded derivatives
   e. That the OPA cannot value, account or settle
   f. <u>That are any form of asset-backed commercial paper</u>

6.04 **Credit Limits**

- OPA will use DBRS short-term ratings to assign credit limits for short-term securities
- OPA will use Moody's or Standard & Poor's short-term ratings only if DBRS short term ratings are not available
- Where credit ratings are split between several rating agencies, the lowest rating shall apply
- Related issuers or guarantors will be treated as one issuer/guarantor
- The OPA CFO may set credit limits below the allowable maximum if warranted by the credit review
- Credit limits will be adjusted accordingly when the credit ratings of issuers, guarantors or instruments change
- In the case of a merger, the credit limit of the merged counterparty or issuer will correspond with the credit rating of the merged entity
- If an approved issuer, guarantor, or instrument is downgraded and the OPA holds a position in an affected security, the CFO will develop and

implement a plan to ensure that the exposure is in compliance with the lower limit

- Maximum credit limits are included in Schedule I. The purpose of the maximum credit limits are to ensure that credit exposures are diversified and remain within sound levels.

From:	William Tan
To:	"Anthony.Martinello@ieso.ca"
Cc:	"Victor.Buza@ieso.ca"; Sarah Harris; Salman Qadir; Bruno Amara
Subject:	FW: IESO : OFA new FH credit facility
Date:	Tuesday, June 27, 2017 10:34:35 AM
Attachments:	Incumbencycert.pdf statement of policy.pdf

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca'
Cc: Sarah Harris ; 'Victor.Buza@ieso.ca' ; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

November 22, 2016

Mr. Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

Dear Mr Listoe:

Re: IESO OFA, Amendment No. 9

Enclosed for your records are originals of (1) true copy of IESO board resolution dated November 15, 2016; (2) incumbency certificate setting forth all of IESO's current officers and directors, dated November 15, 2016 and (3) incumbency certificate signed by Kimberly Marshall, as authorized signatory of Amendment No. 9, dated November 22, 2016.

Yours truly,

Stephanie Yarmo
Legal Counsel
Planning, Legal, Indigenous Relations and Regulatory Affairs

Resolution of the Board of Directors

Independent Electricity System Operator

October 26, 2016

In Respect of the Renewal of the Existing $975 Million Credit Facility with the Ontario Financing Authority Expiring December 2016

BE IT RESOLVED THAT the renewal of the existing $975 million credit facility with the Ontario Financing Authority expiring December 2016 be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facility.

I certify that this is a true copy of the resolution approved by the Board of Directors of the Independent Electricity System Operator on October 26, 2016.

John M. Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

November 15, 2016

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

Re: Officers and Directors of the Independent Electricity System Operator

The undersigned, Secretary to the Independent Electricity System Operator (the "**Corporation**"), hereby certifies that:

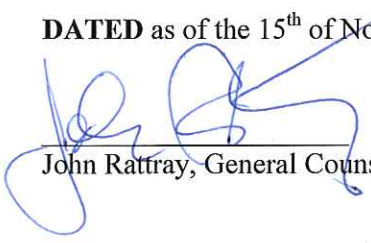
The current directors of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Timothy O'Neill	Director
Carole Workman	Director
Bruce B. Campbell	Director, President and Chief Executive Officer
Cynthia Chaplin	Director
Murray Elston	Director
William Museler	Director
Susanna Han	Director
Ronald Jamieson	Director
Margaret Kelch	Director
Bruce Lourie	Director
Deborah S. Whale	Director

The current officers of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Bruce B. Campbell	President and Chief Executive Officer
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer
JoAnne Butler	Vice President, Market and Resource Development
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer
Terry Young	Vice President, Conservation and Corporate Relations
Michael Lyle	Vice President, Planning, Legal, Indigenous Relations and Regulatory Affairs
John Rattray	General Counsel, Secretary and Chief Reliability Compliance Officer

DATED as of the 15th of November 2016.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices, and has the authority to execute Amendment No. 9 to the credit agreement (the "**Amendment**") between the IESO and the Ontario Financing Authority and any other documents related to the Amendment or such credit agreement; and

2. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this 22nd day of November, 2016.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 22nd day of November, 2016.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

ONTARIO POWER AUTHORITY STATEMENT of POLICY			
Office of Primary Responsibility:	Business Strategies & Solutions	Policy No.	**FIN-05**
Section:	Corporate Governance	Effective:	Sept. 8, 2005
Approved by:	**Board of Directors**	Last Revised:	Oct 20, 2010
Subject:	**SIGNING AUTHORITIES**	Page:	1 of 6

1 PURPOSE

1.01 The purpose of this policy is to denote the type and level of authority delegated by the Board of Directors to specific OPA employees.

2 SCOPE

2.01 This policy applies to the Board of Directors and all employees of the company for all transactions made on behalf of the OPA.

3 POLICY

3.01 The Signing Authorities Policy table is, at all times, to be read in conjunction with the following statements of principle:

- All transactions approved by OPA employees must be in accordance with this Signing Authorities Policy and all OPA corporate policies in place at that time (e.g. Employee Code of Conduct, Business Expense Policy, Conflict of Interest, Human Resources, OPA Procurement Policy, etc.).
- The OPA Board of Directors holds ultimate responsibility for the affairs of the OPA. Article 5.1 of the Governance & Structure By-Law allows the delegation of certain powers or duties by the Board.
- The OPA Board has delegated authorities based on both the dollar value and the specific nature of a transaction. Irrespective of the transaction being within levels delegated by the OPA Board, in all instances, consideration must be given as to whether the transaction is of a sufficiently important nature to be brought to the Audit Committee of the OPA Board for recommendation of support for subsequent approval by the OPA Board. Guidance may be obtained from Finance department.
- All changes to the Signing Authority Policy require the approval of the OPA Board of Directors.

3.02 Except for temporary delegations of signing authority, in no instance may one hundred percent of the authorities delegated within this policy be delegated downward to the next level within the organization.

3.03 Unless otherwise authorized by the CEO, signing authority may be delegated to OPA employees only. On an exception basis, the CEO may authorize delegation of signing authority for specific items to those individuals or employees of other organizations who are performing work on behalf of the OPA.

3.04 No person is authorized to sign a cheque or otherwise authorize a payment to himself or herself or to a person or entity in which, under the OPA's Conflict of Interest policy, they have a material interest.

3.05 Signing authority may be delegated on a temporary basis by completing a "Delegation of Signing Authority" form. This form must include approvals of the delegating signing authority and the delegating authority's supervisor. Delegation for individual competitive procurement transactions can be done electronically within the accounting application by the individual delegating the authority and without the approval of their immediate supervisor.

3.06 No political donations of any type are allowed, regardless of the amount. No employee shall be allowed reimbursement, directly or indirectly, for any political donations. The definition of political donations includes any money paid or assumption of expenses incurred for goods or services in relation to any political party, constituency, or candidate for public office.

3.07 The CEO must approve all charitable donations made by the OPA in advance of such donation.

3.08 All legal agreements, except for previously approved standard OPA legal agreements, are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature, regardless of the dollar value or the length of the agreement. All standard legal agreements with potential to have a significant financial impact are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature. Standard legal agreements and purchase orders are to be used only in those circumstances determined by Legal, Aboriginal & Regulatory Affairs.

3.09 The signature of the authorizing individual, or in the case of the Board of Directors, a resolution or minutes attesting to the matter, signed by the Secretary of the Board, constitutes authorization.

3.10 **Signing Authorities Policy Table**

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
A. Managing Within Approved Budget				
1. Reallocation of Approved Corporate/Business Unit Budget	$500,000	$250,000		
B. Regular Staff Levels (FTE Count)				
1. Redistribution of Staff (within approved budget)	Within the OPA	Within the Division		
C. Individual Procurement Transactions – For additional details, refer to Appendix 1				
1. Management Consulting Services including Contract Staff; and, General, Commodity, Infrastructure, and Services Purchases				

[1] Includes Legal Counsel, Senior Planners, and all other staff with "Manager" in their title

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
Competitive	$1,000,000	$250,000	$100,000	$50,000
Non-Competitive	$250,000	$100,000	$5,000	$5,000
Non-Competitive Consulting	$100,000	$100,000		
2. Individual Procurement Transactions for External Legal Services				
Competitive	Over $250,000	$250,000	$100,000	$50,000
Non-Competitive	Over $100,000	$100,000		
D. Assets				
1. Sale or write-off of Surplus Capital Assets (Net Loss on Sale/Disposal) / Write-Down or Write-Offs of All Other Assets	$500,000		$100,000 (Dir. Fin. only)	
E. Cheques				
1. Manual	Any two of the following: Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Automated	The automated/electronic signature of any one or two of the following: The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
F. Chief Executive Officer's Expenses				
1. Approval of CEO's expenses	Chair of the Board, or, in his or her absence, the Chair of the Audit Committee			
G. Electricity Supply Procurement and Service Contracts				
1. Make periodic payments to electricity supply counterparties for all procurement and service contracts	Any two of the following: CEO, Vice Presidents, Director of Finance and Director of Contract Management			
H. Investments and Borrowings				
1. Approve an investment in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Initiate a loan or borrowing transaction in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			

3.11 Notwithstanding sections 3.01 and 4.06, the Chief Executive Officer shall have the authority to revise this Policy in respect of position designations below the level of the Chief Executive Officer, and the definitions in clauses 5.01 and 5.02 in section 5.

3.12 Authorities delegated to individuals holding positions named in this Signing Authorities Policy shall only be exercised to execute transactions within the scope of their position and responsibility.

4 RESPONSIBILITY

4.01 **All employees** are responsible for:

- Ensuring that the necessary approval has been given before a commitment is made on behalf of the OPA.

4.02 **Holders of Delegated Authority** are responsible for:

- Informing Finance Department of approved delegations of authority through completion of the Delegation of Authority Form or by delegating the authority electronically within the accounting application as described in 3.05.
- Requesting guidance from Finance department when a contemplated transaction is within delegated authority but may be of sufficient importance to require prior review by the Audit Committee of the Board of Directors
- Requesting review from Legal, Aboriginal & Regulatory Affairs department of all standard legal agreements with potential to have a significant financial impact; and
- Review, approval and signature, pursuant to the Signing Authority Policy, of Business Unit requisitions and contracts.

4.03 **Finance** department is responsible for:

- Maintaining a file of Delegated Authorities;
- Working with Legal, Aboriginal & Regulatory Affairs in providing guidance regarding transactions whose nature or importance may warrant the attention of the Audit Committee of the OPA Board prior to procurement;
- Periodic review of the Signing Authorities Policy; and
- Annually preparing a report listing all payments made to, or on behalf of, the OPA's Chair and CEO for review by the Board of Directors.

4.04 **Legal, Aboriginal & Regulatory Affairs** department is responsible for:

- Development of standard legal agreements and general guidelines for their use;

- Assisting Finance in reviewing the use of a standard legal agreement in a situation with potential to have a significant financial impact; and
- Review and approval of all non-standard legal agreements.

4.05 **CEO** is responsible for:

- Approval, where warranted, of delegation of authority to those individuals or employees of other organizations who are performing work on behalf of the OPA; and
- Approval, in advance, of all charitable donations made by the OPA.

4.06 **Board of Directors** is responsible for:

- Approval of changes to the Signing Authorities Policy; and,
- Review of report of all payments made to, or on behalf of, the OPA's Chair and CEO.

5 DEFINITIONS

5.01 **Vice-President** includes direct reports to the CEO but excludes Executive Assistants and Administrative Assistants

5.02 **Director** includes direct reports to the Vice Presidents that have "Director" in their title

5.03 **Manager** includes direct reports to Vice-Presidents or Directors, including legal counsel, senior planners and other staff with "Manager" in their title, but excludes Executive Assistants and Administrative Assistants.

5.04 **Contracts** are binding agreements between two or more parties which may be issued in the form of a Purchase Order or a contract approved by Legal, Aboriginal & Regulatory Affairs department.

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

Procurement Policy; Code of Conduct for Officers, Employees and Agents of the OPA; Records Management Policy.

Appendix 1

Competitive Procurement Consulting Services/Goods and Non-Consulting Services *Excluding External Legal Services*	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Up to **$1,000,000**	Requires approval of CEO
Over **$1,000,000**	Requires approval of Board of Directors

Non-Competitive Procurement Consulting Services *Excluding External Legal Services*	
Up to **$100,000**	Requires approval of VP
Up to $1M	Requires approval of CEO, Board of Directors and Minister of Energy and Infrastructure
$1M or more	Requires approval of CEO, Board of Directors and Treasury Board/Management Board of Cabinet

Non-Competitive Procurement [1] [2] Goods and Non-Consulting Services *Excluding External Legal Services and Consulting Services*	
Up to **$5,000**	Requires approval of Manager or Director
Up to **$100,000**	Requires approval of VP
Up to **$250,000**	Requires approval of CEO
Over **$250,000**	Requires approval of Board of Directors

Competitive Procurement of External Legal Services	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Over **$250,000**	Requires approval of CEO

Non-Competitive Procurement of External Legal Services	
Up to **$100,000**	Requires approval of General Counsel, VP, Legal Aboriginal and Regulatory Affairs
Over **$100,000**	Requires approval of CEO

[1] Non-competitive contracts or purchase orders totaling $5,000 or over require a justification memo, to be submitted at the time of contract development.

[2] Delegation of authority and non-competitive procurement: VPs may not delegate authority to any other level of employee to authorize and sign a non-competitive contract. The CEO becomes the signing authority when the VP is absent.

All dollar values listed above exclude HST.

Any decision of the Board of Directors to appoint a delegate that is not listed in the above matrix to authorize any procurement will override the Signing Authorities Policy.

ONTARIO POWER AUTHORITY POLICY STATEMENT			
Office of Primary Responsibility	Finance and Administration	Policy #	**FIN-01**
Subject:	TREASURY POLICY	Page:	1 of 4
Approved by	Board of Directors	Effective	June 9, 2009
		Revised	Apr 1, 2009

1. POLICY STATEMENT

This policy establishes the requirements and guidelines for the management of the OPA's cash flows as well as the related banking, borrowing and investment activities.

2. PURPOSE:

The purpose of this Statement of Policy is to establish a framework for the sound and efficient management of the OPA's cash flows, as well as related banking, borrowing and investment activities

3. SCOPE

This policy applies to all management and staff of the OPA, or its service providers or agents, dealing with cash management, as well as related banking, borrowing and investment activities.

4. RESPONSIBILITY

4.01 **Manager, Treasury** is responsible for:

- Ensuring sound and efficient cash management, banking, borrowing and investment activities
- Investing only in the types of contracts permitted as listed below
- Not entering into prohibited contracts as listed below
- Developing and maintaining a daily cash flow spreadsheet.
- Developing and maintaining a cash flow forecast.
- Completion of a variance analysis between cash flow forecasts and actual cash flows in order to identify their cause and to improve cash flow forecasting.
- Ensuring that the OPA's borrowing requirements are met in a sound and efficient manner
- Performing a credit review of issuers, guarantors and instruments before submitting for approval by the CFO (or equivalent) and the CEO (or equivalent), including but not limited to, the entity's past business record, credit rating history and stability (where available), and, if possible, the entity's future prospects.
- Monitoring on an ongoing basis the credit record (or other measures of

financial robustness) of approved issuers, guarantors, and instruments after they have been approved

- Reporting on approved issuers, guarantors and instruments to the Board of Directors
- Ensuring ongoing compliance with the exposure limits as listed in Schedule I
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on exposures exceeding 75% of the approved credit limit
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on any exposures exceeding the approved credit limit including the development of a plan to reduce the exposure to the limit
- Completion of a quarterly Treasury Report listing all investment and borrowing activities for the quarter.
- Development of an annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Maintaining banking relationships including making recommendations on the opening/closing of bank accounts and the requirements for banking services.
- Recommending any additions/deletions/changes to the policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.

4.02 **Director, Finance and Administration** is responsible for:

- Monitoring compliance with this policy
- Review of the quarterly Treasury Report.
- Review of any proposed additions/deletions/changes to this policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.
- Review of the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities as prepared by the Manager, Treasury.

4.03 **The Chief Financial Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Reporting on at least a monthly basis on the compliance of the OPA's cash management and related banking, borrowing and investment activities with this policy statement to the CEO (or equivalent).
- Together with the CEO (or equivalent), approve all issuers, guarantors, dealers and instruments before they are employed in the borrowing and investment activities of the OPA

- Reporting to the Board of Directors on any counterparty exposures exceeding the approved credit limits including the plan to reduce the exposure to the limit as reported by the Director, Finance and Manager, Treasury.
- Reporting the up-to-date cash-flow forecast to the OPA Board of Directors on a quarterly basis
- Reporting on a quarterly basis any new or changes to approved issuers, guarantors, dealers and instruments to the OPA Board of Directors
- Presenting the quarterly Treasury Report to the Audit Committee.
- Reviewing any proposed additions/deletions/changes to the policy before submission to the OPA Board of Directors.
- Approval of the purchase of investments within signing authority levels.
- Reporting on the implementation of the annual plan to the Board of Directors on a quarterly basis
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors

4.04 **Chief Executive Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Presenting the annual plan and revisions to the OPA Board of Directors for approval
- Reporting at least quarterly to the OPA Board of Directors regarding compliance of the OPA's cash management and related banking, borrowing, and investment activities with this policy statement.
- Reporting to the OPA Board of Directors on a quarterly basis regarding the implementation of the annual plan and any exposures from the OPA's cash management and related banking, borrowing and investment activities
- Reporting to the OPA Board of Directors on any plans required to reduce or eliminate credit exposures
- Reporting to the Board of Directors any violations of this Investment Policy
- Together with the CFO (or equivalent), approving all issuers, guarantors, dealers and investments before they are employed in the borrowing and investment activities of the OPA; and
- Reviewing this policy statement from time to time, proposing changes to this policy statement to the OPA Board of Directors and presenting reasons and risks inherent in the proposed changes and corresponding risk controls.

4.05 **Board of Directors** are responsible for:

- Ensuring the policy statement does not contain any policy or procedure that would conflict with the requirements of sections 1-3 of Ontario Regulation 423/04
- Must bear in mind the timing considerations of the OPA's investments and borrowings in relation to the OPA's expected cash flow requirements in preparing the statement referred to in Ontario Regulation 423/04 section 4(1).
- Approving the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Approving any in-year adjustments to the annual plan
- Determining the senior officers of the OPA who shall execute contracts for banking services
- Approve any amendments to this Investment Policy statement.
- Ensuring compliance of the OPA's cash management as well as related banking, borrowing, and investment activities with this policy statement.
- The Chair of the Board of Directors may grant exceptions to this Investment Policy to satisfy operational needs as long as the exception does not lead to a violation of the regulation.
- Reviewing exceptions to this policy statement approved by the Chair between Board meetings.
- Ensure the policy and amendments are approved by the Minister of Finance.

4.06 **Internal Audit is responsible for:**

- Periodically reviewing the cash management and related banking, borrowing and investment activities to ensure compliance with this Investment Policy.

5. DEFINITIONS

5.01 **Permitted Borrowings:**

1. All borrowing must be denominated in Canadian dollars
2. Borrowing shall only be for the purposes permitted under Ontario Regulation 423/04
3. Permitted borrowing instruments include:
   a. Loans
   b. Bank lines of credit
   c. Issuance of short-term paper or bonds
      1. Short-term paper or bonds must be transacted through securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on the securities dealers:
         i. Credit-worthiness

ii. Timely and efficient execution and settlement of transactions
iii. Responsiveness
iv. Costs and
v. Value of services provided

and

2. A fiscal agent approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the fiscal agents:
   i. trust-worthiness
   ii. reliability in recording and transferring securities and funds between investors and the OPA
   iii. responsiveness
   iv. costs and
   v. value of services provided

5.02 **Permitted Investments:**

1. All investments must be denominated in Canadian dollars
2. Investments can only be made by the OPA in those types of securities permitted under Ontario Regulation 423/04.
3. Investments in financial instruments are permitted if they:
   a. Satisfy the requirements of the Investment Policy
   b. Have a term of one year or less from the date of purchase
   c. Meet the credit rating requirements listed in Schedule I to this policy
4. When investing in eligible securities, the OPA shall transact through:
   a. Securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on their:
      1. Credit-worthiness,
      2. Timely and efficient execution and settlement of transactions,
      3. Responsiveness,
      4. Costs, and
      5. Value of services provided.

   and

   b. A custodian approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the custodian's:
      1. trust-worthiness,
      2. reliability in recording and settling securities and funds between OPA,
      3. safekeeping of assets,
      4. responsiveness,
      5. costs, and
      6. value of services provided.
5. If a transaction does not settle, the OPA will work with the custodian to re-schedule the transaction. In addition, the OPA will arrange for

compensation for the failure or delay of the settlement if the OPA does not obtain contractual settlement provisions from the custodian.

6. If a counterparty to which the OPA has exposure defaults, the OPA will attempt to limit and recover its losses by exercising its rights as described in the applicable documentation, laws and regulations.

6.02 **Prohibited Borrowings:**

1. Borrowing in currencies other than Canadian dollars
2. Borrowing for purposes not permitted under Ontario Regulation 423/04

6.03 **Prohibited Investments:**

1. Interest rate or currency exchange agreements, forward rate agreements or any other type of financial agreement to manage its financial assets, liabilities or risks, except those permitted above
2. Investments in the types of securities not listed as permitted securities under Ontario Regulation 423/04
3. Investments in financial instruments:
   a. That fail to satisfy the requirements of the regulation
   b. With a term of more than one year from the date of purchase
   c. That are expressed or payable in any currency other than Canadian dollars
   d. That are in structured notes with embedded derivatives
   e. That the OPA cannot value, account or settle
   f. <u>That are any form of asset-backed commercial paper</u>

6.04 **Credit Limits**

- OPA will use DBRS short-term ratings to assign credit limits for short-term securities
- OPA will use Moody's or Standard & Poor's short-term ratings only if DBRS short term ratings are not available
- Where credit ratings are split between several rating agencies, the lowest rating shall apply
- Related issuers or guarantors will be treated as one issuer/guarantor
- The OPA CFO may set credit limits below the allowable maximum if warranted by the credit review
- Credit limits will be adjusted accordingly when the credit ratings of issuers, guarantors or instruments change
- In the case of a merger, the credit limit of the merged counterparty or issuer will correspond with the credit rating of the merged entity
- If an approved issuer, guarantor, or instrument is downgraded and the OPA holds a position in an affected security, the CFO will develop and

implement a plan to ensure that the exposure is in compliance with the lower limit

- Maximum credit limits are included in Schedule I. The purpose of the maximum credit limits are to ensure that credit exposures are diversified and remain within sound levels.

From:	William Tan
To:	Sarah Neville; Gavin He
Cc:	Lisa Stein; Sarah Harris; John Kim; Shajee Kathirgamanathan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 20, 2017 12:00:55 PM
Attachments:	OFA IESO Amending Agreement 10.docx

Hello,
Gavin and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara ; Sarah Neville
Cc: Lisa Stein ; Gavin He ; John Kim ; Sarah Harris
Subject: RE: IESO : OFA new FH credit facility
Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time and provided that Advances may be used only for liquity purposes."~~subject to the following conditions:~~

   ~~The proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and~~

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

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~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"~~

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	Sarah Neville; Gavin He
Cc:	Lisa Stein; Sarah Harris; John Kim; Shajee Kathirgamanathan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 20, 2017 12:00:55 PM
Attachments:	OFA IESO Amending Agreement 10.docx

Hello,
Gavin and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara ; Sarah Neville
Cc: Lisa Stein ; Gavin He ; John Kim ; Sarah Harris
Subject: RE: IESO : OFA new FH credit facility
Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time and provided that Advances may be used only for liquity purposes."~~subject to the following conditions:~~

   ~~The proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and~~

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

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~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"~~

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	Gavin He
Cc:	Sarah Neville; Sarah Harris
Subject:	FW: IESO : OFA new FH credit facility
Date:	Tuesday, July 18, 2017 10:23:39 AM

Hi Gavin,
We require clarification on a matter, I understand from the Credit Requirement Letter and from Salman that the existing credit facility could be used to fund timing variances for FHP purposes under the existing Regulations. Is IESO currently using the existing facility for timing variance purposes and are they labelled under RPP?
Thanks,
Will

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

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Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on

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(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
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Bruno

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Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

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Sent: Friday, July 14, 2017 7:36 AM
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Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
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The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Gavin He
Cc:	Sarah Neville; Sarah Harris
Subject:	FW: IESO : OFA new FH credit facility
Date:	Tuesday, July 18, 2017 10:23:39 AM

Hi Gavin,
We require clarification on a matter, I understand from the Credit Requirement Letter and from Salman that the existing credit facility could be used to fund timing variances for FHP purposes under the existing Regulations. Is IESO currently using the existing facility for timing variance purposes and are they labelled under RPP?
Thanks,
Will

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
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Corporate and Electricity Finance Division
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Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Gavin He
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	FW: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 12:31:11 PM
Attachments:	OFA-OPA Amending Agreement No. 8 (Executed).PDF Re IESO OFA new FH credit facility.msg

---

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of

amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara ; Sarah Neville
Cc: Lisa Stein ; Gavin He ; John Kim ; Sarah Harris
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He

<Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the

new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.

2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and

level of signing authority). If you have any questions my contact information is on my signature below.
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Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
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Have a great weekend.
Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
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Sent: Wednesday, June 21, 2017 11:25 AM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

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Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

From: Victor Buza [Victor.Buza@ieso.ca]
To: Bruno Amara [Bruno.Amara@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 17:18:51

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM

To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Gavin He
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	FW: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 12:31:11 PM
Attachments:	OFA-OPA Amending Agreement No. 8 (Executed).PDF Re IESO OFA new FH credit facility.msg

---

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of

amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara ; Sarah Neville
Cc: Lisa Stein ; Gavin He ; John Kim ; Sarah Harris
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He

<Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the

new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.

2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

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1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

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Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

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Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and

level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Hello Anthony,
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Have a great weekend.
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Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
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Thanks,
Will

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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

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Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

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We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

From: Victor Buza [Victor.Buza@ieso.ca]
To: Bruno Amara [Bruno.Amara@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 17:18:51

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM

To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: IESO : OFA new FH credit facility
Date: Monday, July 24, 2017 2:03:22 PM

Hello Lisa,
Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.
Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris
Cc: Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein ; William Tan
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.

b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.

c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan

Sent: Wednesday, July 12, 2017 4:29 PM

To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the

$2 billion OFHP Credit Facility by the amount that it exceeds $475 million.
Best regards,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,
As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.
I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.
I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.
Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.
Regards

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From: Sarah Harris
To: William Tan
Subject: FW: IESO agreements
Date: Monday, August 28, 2017 9:20:17 AM

Hi Will,
Could you please give Caroline the heads-up that Anthony will be sending comments today, and that we hope (provided that there is nothing unexpected in IESO's comments) to execute by Thursday, given IESO's discussions with Moody's that credit facility agreement would be executed by the end of August.
Thanks,
Sarah

From: Lisa Stein
Sent: Friday, August 25, 2017 2:42 PM
To: William Tan ; Sarah Harris
Cc: Caroline Swerdlyk
Subject: IESO agreements
Hi Sarah and Will,
Do you have an update on the IESO agreements? Are we still waiting for comments from the IESO? As you know, I will be away on vacation next week. Caroline has been briefed on this file and will be monitoring it in my absence.
Thank you,
Lisa

From: William Tan
To: Jean-Francois Beaupre; Kelly Listoe
Cc: Sarah Harris
Subject: FW: IESO and OFA credit facility agreement
Date: Thursday, August 03, 2017 2:28:20 PM

---

fyi

From: Lisa Stein
Sent: Thursday, August 03, 2017 2:12 PM
To: William Tan ; Bruno Amara
Cc: Gavin He
Subject: RE: IESO and OFA credit facility agreement

I already have an e-mail in to Toby at MOF Legal.

From: William Tan
Sent: Thursday, August 03, 2017 1:53 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Lisa,

I know you're giving the credit facility your attention right now. Do you think we can contact MOF Legal to provide guidance on section (k) and the pari passu language today?

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Bruno and Will,

Further to our call I plan to re-draft the language in section (k). I'll also follow up with MOF Legal.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 03, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Will

Per our discussion, the conversation helped in understanding the intention of section (k). In general, I understand and don't have issue with the desire to cover clean energy adjustment amounts with respect to OFHP. But there were a few issues raised in the discussion that were beyond my expertise. I would still suggest running this by MOF Legal.

Thanks

Bruno

From: Bruno Amara
Sent: Thursday, August 03, 2017 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO and OFA credit facility agreement

Hi Will

As discussed yesterday, Salman dropped by the office yesterday after our meeting. He suggested that MoF legal has worked on these agreements previously and may be able to provide some clarification on the issues we discussed yesterday. I also debriefed John K on our discussion. He noted that EFB has previously been heavily involved in this area and was not comfortable on signing off on the 2 issues we discussed yesterday. Namely the section (k) and the pari passu item. Having said that, I think our wish to get more clarification on section (k) is still relevant. I know we don't wish to slow down this process, but it may be worth asking MoF Legal's opinion on these two issues. They have also been involved in OFHP issue, so will have that context as well.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: IESO and OFA credit facility agreement
Date:	Thursday, August 03, 2017 9:38:15 AM

fyi

From: Bruno Amara
Sent: Thursday, August 03, 2017 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO and OFA credit facility agreement

Hi Will

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Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: IESO and OFA credit facility agreement
Date:	Thursday, August 03, 2017 9:38:15 AM

fyi

From: Bruno Amara
Sent: Thursday, August 03, 2017 9:28 AM
To: William Tan
Cc: Lisa Stein ; Gavin He
Subject: IESO and OFA credit facility agreement

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From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: IESO and OFA credit facility agreement
Date:	Thursday, August 03, 2017 2:28:20 PM

fyi

From: Lisa Stein
Sent: Thursday, August 03, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

I already have an e-mail in to Toby at MOF Legal.

From: William Tan
Sent: Thursday, August 03, 2017 1:53 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Lisa,

I know you're giving the credit facility your attention right now. Do you think we can contact MOF Legal to provide guidance on section (k) and the pari passu language today?

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Bruno and Will,

Further to our call I plan to re-draft the language in section (k). I'll also follow up with MOF Legal.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 03, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: RE: IESO and OFA credit facility agreement

Hi Will

Per our discussion, the conversation helped in understanding the intention of section (k). In general, I understand and don't have issue with the desire to cover clean energy adjustment amounts with respect to OFHP. But there were a few issues raised in the discussion that were beyond my expertise. I would still suggest running this by MOF Legal.

Thanks
Bruno

From: Bruno Amara
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To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 5:37:23 PM

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Lisa Stein
Sent: Friday, July 28, 2017 16:25
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

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Hi Lisa,

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To: Stein, Lisa (OFA)
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Subject: RE: Loan agreement question re limit on rate of interest

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Best,
Tony

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Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
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I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

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(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
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416-325-2320

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****

From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: FW: OFA IESO Amending Agreement 10 (v2).docx
Date: Friday, July 21, 2017 9:20:36 AM
Attachments: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Origina....docx
IESO_OFA Amendment No 10 CLEAN per IESO July 7_17.doc

HI Sarah N,
Thank you for helping me with the changes. I really appreciate it.
The draft I circulated on July 11, includes both IESO and my changes. Most of the comments are mine.
I have attached the originals from IESO .

From: Sarah Neville
Sent: Thursday, July 20, 2017 5:03 PM
To: William Tan
Cc: Sarah Harris ; Lisa Stein
Subject: OFA IESO Amending Agreement 10 (v2).docx

HI Will – I have comments on the attached. I highlighted them with yellow because I think my changes get anonymized otherwise.
Please note that I have taken as a starting point for this review the draft you circulated on July 11 and identified in your e-mail on that date as the IESO's revised draft (the IESO Draft). I have assumed that the track changes in that draft were made by the IESO only and not changed by you (I note you did add comments, I am referring only to the drafting changes in the clauses themselves). If that assumption is wrong, don't even open this draft, if won't make sense.
I have compared your draft to the July 11 draft and put back in the IESO's language, accepted it where appropriate, and then overlaid the OFA's suggested additional changes where required. We can't send a document back that does not track all changes we made to the version the IESO sent us. The only exception to this is in paragraphs 2 and 3 which have been revised back to the OFA's original language. The comment boxes clearly inform the IESO that this has been done.
If my assumption with respect to the IESO Draft is correct, you can remove the highlighting from the document, leaving just the tracked changes and comments and send to IESO, if my assumption is wrong, please send me the version that the IESO sent us, and I will track in the required changes.
Please also note that I recommend deleting one of the comment boxes as in my view it is not relevant.
Please let me know if you have questions or would like to discuss.
Thanks very much,
Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

Formatted: Font: Bold

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Formatted: Indent: Left: 2.5", First line: 0.5"

By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement, the IESO has executed and delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in

the principal amount of up to $475,000,000, which note indicates the total principal amount of advances outstanding as of the date hereof.

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

3. In exchange for the grid promissory note delivered hereunder, the OFA has cancelled and returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
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21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:23:23 PM
Attachments:	RE Policy questions re OFHP Credit Facility Agreement .msg

FYI

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:20 PM
To: Lisa Stein
Cc: William Tan ; Bruno Amara ; Ken Kandeepan
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.

We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.
Thanks,
Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?
2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,
Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,
Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>

Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Friday, August 11, 2017 09:39:57

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to

the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free

and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah
From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 11:23:59 AM

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,
Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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Thanks,
Will

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To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
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Hello Lisa,

Thank you very much for making the changes.

I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

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Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 08, 2017 6:43:29 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.....docx RE IESO - Credit facility balancesrequirments.msg Grid Note for RPP as of Aug 8, 2017.xls Rollover Notice with advance.pdf Rollover Notice with advance.pdf

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**""IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $[**Insert amount outstanding as of date of execution**].

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Olga Whiteley [Olga.Whiteley@ieso.ca]
Subject: RE: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 10:47:01

William,

1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.
RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

–

Call me if it’s easier for you. 416-325-8090.

Will

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

Project: **Rural or Remote Electricity Rate Protection Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0000%	20-Jun-2017	33	$1,014.08	$1,643.14	$0.00	$1,643.14	21-Jul-2017	64
20-Jun-2017	$3,203,101.35	1.0000%	21-Jul-2017	31	$2,720.44	$2,149.15	$0.00	$2,149.15	21-Jul-2017	31
21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 08, 2017 6:43:29 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.....docx RE IESO - Credit facility balancesrequirments.msg Grid Note for RPP as of Aug 8, 2017.xls Rollover Notice with advance.pdf Rollover Notice with advance.pdf

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Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.

   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,
Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan ; Jean-Francois Beaupre
Cc: Sarah Neville
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.

I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,
Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**""IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $[**Insert amount outstanding as of date of execution**].

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Olga Whiteley [Olga.Whiteley@ieso.ca]
Subject: RE: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 10:47:01

William,

1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.
RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

–

Call me if it’s easier for you. 416-325-8090.

Will

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Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

Project: **Rural or Remote Electricity Rate Protection Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0000%	20-Jun-2017	33	$1,014.08	$1,643.14	$0.00	$1,643.14	21-Jul-2017	64
20-Jun-2017	$3,203,101.35	1.0000%	21-Jul-2017	31	$2,720.44	$2,149.15	$0.00	$2,149.15	21-Jul-2017	31
21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Jean-Francois Beaupre
To:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Wednesday, July 26, 2017 9:52:45 AM

FYI

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 9:53 AM
To: William Tan
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Thanks Will, I am here to assist you with this process and we will make sure this gets done on time.
I am not convinced however that Messenger is the answer either since sending multiple messages is the same as sending a large volume of emails and folks have a tendency to 'get lost in shuffle' and may not remember what was discussed on IM or by phone. I think this is more a matter of planning and constantly re-adjusting to determine how to handle edits and changes, including to the timeline itself. We know that we have a hard deadline of mid-August but everything in between can be shifted around.
Regards,
JF

From: William Tan
Sent: Wednesday, July 26, 2017 9:21 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi JF,
Thanks for reviewing the amending agreement.
I'll pass along your point of the edit. I may use messenger to reduce the amount of emails.
In regards to your 5:22pm email. You're right. I scanned your email. Sarah H, pressed upon me how important this deadline is. I am extremely anxious to get this completed on time. I think, I need to slow things down a bit.
I appreciate the advice. I'll implement that immediately.

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 9:06 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,
I have no comments on the revised amending agreement.
I recall from my notes that Victor proposed the following language in section 4 during the call: "for liquidity purposes only" rather than "only for liquidity purposes" but that is just a matter of style. I leave it up to you to decide if you wish to raise this with OFA Legal.
In my email of 5:22pm last night, I had asked you to please clean-up the note and said we would review the changes and reply to Lisa tomorrow. I am not sure why you sent the cleaned-up grid note at 6:18pm without giving me an opportunity to review it beforehand? Please advise.
As a friendly piece of advice, I recommend that whenever possible, you attempt to consolidate your comments/edits into fewer emails. Sending large volumes of e-mails with relatively minor edits and developments makes it confusing for folks to keep apprised of versions and where we currently

stand, especially if they have been away or are new to files (both Lisa Stein and Sarah Neville mentioned this casually yesterday before the call since the latter was covering for Lisa while away – this is why we needed to have a quick discussion before the call to make sure everyone was on the same page). I was hoping to review the grid note template this morning, then discuss with you any other comments on the amending agreement before your reply to OFA Legal.
Thanks,
JF

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Hello Lisa,
Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Hi Will and JF,
Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Jean-Francois Beaupre
To:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Wednesday, July 26, 2017 9:06:32 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

FYI

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To: William Tan
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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Thanks,

JF

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
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Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

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I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**""IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $[**Insert amount outstanding as of date of execution**].

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date:	Monday, July 24, 2017 10:33:34 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draf....docx

Fyi Kelly

From: William Tan
Sent: Monday, July 24, 2017 10:29 AM
To: Sarah Neville
Cc: Sarah Harris ; Lisa Stein
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Good morning Sarah,
I had an uneventful weekend but relaxing weekend. Thanks for asking.
I'll send this to IESO once they confirm back to me that they are fine with all the changes.
Thanks for putting this together and simplifying the process.
Will

From: Sarah Neville
Sent: Monday, July 24, 2017 9:58 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Importance: High

Good morning Will,
Hope you had a nice weekend. Attached is the mark up of Amending Agreement No 10. I have accepted all changes on the IESO draft of July 7, with the exception of Paragraphs 2 & 3 which has been changed back to the OFA's original language. This is clearly noted in a comment box which should travel with the draft to IESO. Based on IESO's response on Friday, this should not be a controversial amendment.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Thanks very much and best regards,
Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	Opal Kandelas
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:23:23 PM
Attachments:	RE Policy questions re OFHP Credit Facility Agreement .msg

FYI

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:20 PM
To: Lisa Stein
Cc: William Tan ; Bruno Amara ; Ken Kandeepan
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.

We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.
Thanks,
Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?
2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,
Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,
Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>

Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Friday, August 11, 2017 09:39:57

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to

the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free

and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah
From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: William Tan
To: Sarah Harris
Subject: FW: OFA Loan Agreements - Intercept Provision
Date: Thursday, August 10, 2017 2:38:51 PM

Hi Sarah,

I have saved each pdf in the folder below. I have also saved word versions for your convenience. Z:\Users\CMB\Documentation\IESO-OPA Merger\OFHP IESO OFA Credit Facility\Intercept language loan agreement comparison

UOIT Trustee Deposit Funds (2012) has most detailed Intercept Provision language, included in sections:

- Representations and Warranties of Borrower
- Covenants
- Remedies in the Occurrence of Default
- Intercept Provision (very comprehensive list of scenarios that would trigger an intercept event)

Confederation Wellness Centre (2016), Lambton (2008) and OCC 2011 had fairly simplified Intercept Provision language. Intercept Provision language included in sections:

- Remedies in the occurrence of Default
- Intercept Provision

Thanks,

Will

From: William Tan
Sent: Thursday, August 10, 2017 1:31 PM
To: Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA Loan Agreements - Intercept Provision

Wonderful, thank you very much Daki.

From: William Tan
Sent: Thursday, August 10, 2017 1:29 PM
To: Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Agreements - Intercept Provision

Hello Daki,

It was a pleasure speaking with you today. We are familiarizing ourselves with the Intercept Provision and would like to know which category of OFA Loans includes the Intercept Provision. If we could ask you to provide us with a **sample** of agreements that have this and an excerpt of how it appears in the agreement.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Siva Nathan
To: Sarah Harris
Cc: Siva Nathan
Subject: FW: OFA-IESO Credit Facilities
Date: Friday, August 18, 2017 4:18:25 PM

Hi Sarah,
In the future, please include my name in the distribution list. I need these information with regards to IESO loans for OEFC FS disclosure.
Thanks
Siva

From: Ken Kandeepan
Sent: Tuesday, August 15, 2017 11:59 AM
To: Siva Nathan
Subject: FW: OFA-IESO Credit Facilities
You should have been included in this as well.
Thanks
Ken k

From: Sarah Harris
Sent: Tuesday, August 15, 2017 11:53 AM
To: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFA-IESO Credit Facilities
Hello,
We are currently in the process of working on a new $2B OFA-IESO Credit Facility to provide funding in respect of the Ontario Fair Hydro Plan. Under this framework, the existing $975 million OFA-IESO Credit Facility is to be reduced to $475 million. Due to a required Ministerial approval, the new $2B facility will not be executed until mid-September (estimate).
Once the new $2B facility is in place, the OFA would be looking to re-allocate certain loans (TBD) from the existing $975M credit facility to the new $2B facility, in order to bring the existing facility under the new intended $475 million limit. Effectively, under the legal agreements, it would be transferring certain loans from the existing facility to the new facility. The intention is that there will be no movement of funds and therefore no cash impact (that is, IESO does not repay the existing loans, and the OFA does not fund the new loans).
Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?
Thanks,
Sarah

From:	Sarah Harris
To:	Kevin Hwang
Cc:	George Sakura; Ken Kandeepan
Subject:	FW: OFA-IESO Credit Facilities
Date:	Tuesday, August 15, 2017 11:53:53 AM

Hi Kevin,
Per George's out of office e-mail, I'm sending this to you.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, August 15, 2017 11:53 AM
To: Alfonso Soriano ; John Psinas ; Risa Thau ; George Sakura ; Graham Monroe ; Tony Dong
Cc: Bruno Amara ; William Tan ; Opal Kandelas ; Ken Kandeepan
Subject: OFA-IESO Credit Facilities

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Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?
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Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?
Thanks,
Sarah

From: Siva Nathan
To: Sarah Harris
Cc: Siva Nathan
Subject: FW: OFA-IESO Credit Facilities
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Ken k

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Sent: Tuesday, August 15, 2017 11:53 AM
To: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
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Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?
Thanks,
Sarah

From:	Sarah Neville
To:	William Tan; Sarah Harris; Gavin He; Shajee Kathirgamanathan
Cc:	Lisa Stein
Subject:	FW: OFA-IESO-Minister Directive 2016-rev.docx
Date:	Tuesday, July 18, 2017 4:26:00 PM

Hello All -

See below –it appears that the "liquidity purposes" only language was the subject of consultation with IESO (see highlighted section below). It is not clear to me why it was not tracked into the amending agreement No. 9 but there is likely a good reason.

Perhaps it is as simple as confirming with IESO that its advice in late 2016 is still accurate and aligning the use of proceeds language in Amending Agreement 10 with that position in reference to the Regulation. If the actual use of the proceeds is now going to be different (i.e. more than for funding liquidity) as a result of the proposed amendment from IESO then a new directive should probably be obtained.

Sarah

From: Lisa Stein
Sent: Friday, September 30, 2016 3:15 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Salman,

I only have one additional comment – in the last bullet point after "Therefore", I think "purposes" should be added back after "liquidity".

Thanks,

Lisa

From: Salman Qadir
Sent: Friday, September 30, 2016 1:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lisa,

I've attached a markup for your review.

Thank you,

Salman

From: Lisa Stein
Sent: Friday, September 30, 2016 12:04 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Salman,
Based on the e-mail below, can you please add back the directive regarding the liquidity as well (after the "Therefore")? Also, OPA should be changed to IESO. Please send me a revised draft for review.
Thank you,
Lisa

From: Salman Qadir
Sent: Friday, September 30, 2016 12:00 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lisa,
Apologies for not responding on that comment re: clause below. I looked at it again.
IESO has advised that they only intend to use the facility for liquidity purposes (market related) and they will fund their corporate requirements, as needed, through their other line of credit facility they have with the OEFC. Just saying "for liquidity purposes" would be cover all aspects. Therefore, we would like to keep it in and state the following:

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes ~~and to temporarily fund corporate requirements~~

Thoughts?
Also, just passing on my comment on the day count/month count:
I would think that the agreement will better outline how the loans are priced versus how long they are outstanding (i.e. a borrowing of 28-32 days would be priced at Ontario's one-month cost of borrowing; a borrowing of 58-62 would be priced at the 2-month rate etc). Either way, the agreement will outline this as needed. We're okay with the change that Lenin proposed and can add the language to the "Therefore:" – the understanding is that the agreement will outline the details regardless.
Salman

From: Lisa Stein
Sent: Friday, September 30, 2016 9:52 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lenin and Salman,
I'm okay with Lenin's change to the draft Directive indicating the parameters of the loan (between 28 and 95 days). That being said, it is unclear how a one, two or three month term could equal 95 days?
I agree that Directives are intended to provide general direction; however, in this case it provides context for the requested change to the term. It is ultimately a business decision as to whether you want to include this level of detail. If you leave this detail in, I also recommend amending the direction below (which only states a maximum of 95 days).

In addition, as per my earlier comments, it is still unclear why the following paragraph in the directive is required, as this is not a change from the previous directive and loans remain subject to the terms and conditions in the prior directives:

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements

Please let me know if you would like to discuss further.

Lisa

From: Salman Qadir
Sent: Friday, September 30, 2016 9:24 AM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lenin/Lisa,

I would agree the directive does not need the detail about the how the terms are structured. Lenin, if you recall, we briefly discussed whether any older directives had conditions around how advances are made and I think we said that they did, so it was appropriate to speak to that point again since there is a change. It is the only reason I suggested adding it in. Happy to leave it out and let the agreement spell this out.

Salman

From: Lenin Alvarez-Bravo
Sent: Friday, September 30, 2016 8:57 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Good morning Lisa,

I listened to your voice mail. Please let me know when you're free to meet. I'm available until 3 pm today.

Please find attached an updated draft directive with an small change to indicate the term to be from a minimum of 28 days to a maximum of 95 days. I also attach drafts of the amending agreement and related schedules.

I don't understand why the directive has to go into details or specifics of the terms in months or number of days. In my experience directives just provide general direction for the OFA or OEFC to provide funding, while the terms are negotiated and agreed upon between the parties in the agreement or amending agreement.

Please let me know if you have any questions.

Thank you,

Lenin

From: Lisa Stein
Sent: Wednesday, September 28, 2016 5:22 PM
To: Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan

<Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lenin,

I left you a voicemail. Let's discuss further on Friday.

Thank you,

Lisa

From: Lenin Alvarez-Bravo
Sent: Wednesday, September 28, 2016 11:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFA-IESO-Minister Directive 2016-rev.docx

Hi Lisa,

Please see a couple of comments and suggested changes.

Please let me know of you have any questions.

Thank you,

Lenin

From: Lisa Stein
Sent: Wednesday, September 28, 2016 11:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>
Subject: OFA-IESO-Minister Directive 2016-rev.docx

Hi – Please see my comments and suggested amendments on the attached. Once you have had a chance to review, please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Lisa Stein; Sarah Harris; Sarah Neville
Subject:	FW: OFHP OFA Prom note (draft) + $2Billion OIC
Date:	Wednesday, August 30, 2017 2:39:54 PM
Attachments:	OFA will not retain 25bps spread for $2.0B OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).msg OC-1279-2017.pdf

---

Hi Caroline,
Lisa may have seen this at some point but I don't have her sign-off.
My question to Lisa for Section (d) (ii) (B) is no longer applicable and has been resolved (details attached). This section related to if OFA would charge a 25bps spread on the loan to IESO.
I imagine the signature date would be the same date as the signature date of the $2 billion FHP Credit Facility is signed?
For your reference is the signed copy of the $2 Billion OIC.
Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 1:59 PM
To: William Tan
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Hi Will,
I see that there are questions directed to Lisa in the promissory note. Did Lisa review it already or did you have a chance to discuss these questions with her?
Is this promissory note based on a recent precedent?
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)

Good morning Toby,

I updated the table only to be consistent with more recent precedent. Please review and comment.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 26, 2017 2:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date: Thursday, June 15, 2017 09:24:16
Attachment 1: image001.png
Attachment 2: 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx
Attachment 3: Directive IESO FHP 2017 v2.docx
Attachment 4: image002.png

This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision.

Ken provided instructions not to retain the 25bps for the $2.0 B,
OFA will charge the 25bps spread but the 25bps will go towards interest on debt.
OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
Conversation 6/14/17 at 2:15 pm.

According to OFHP OIC, section C(ii) "…..

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
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OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Lisa Stein; Sarah Harris; Sarah Neville
Subject:	FW: OFHP OFA Prom note (draft) + $2Billion OIC
Date:	Wednesday, August 30, 2017 2:39:54 PM
Attachments:	OFA will not retain 25bps spread for $2.0B OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).msg OC-1279-2017.pdf

Hi Caroline,

Lisa may have seen this at some point but I don't have her sign-off.
My question to Lisa for Section (d) (ii) (B) is no longer applicable and has been resolved (details attached). This section related to if OFA would charge a 25bps spread on the loan to IESO.
I imagine the signature date would be the same date as the signature date of the $2 billion FHP Credit Facility is signed?

For your reference is the signed copy of the $2 Billion OIC.

Thanks,

Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 1:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

I see that there are questions directed to Lisa in the promissory note. Did Lisa review it already or did you have a chance to discuss these questions with her?

Is this promissory note based on a recent precedent?

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: OFHP OFA Prom note (draft)

Hello Caroline,

When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)

Good morning Toby,

I updated the table only to be consistent with more recent precedent. Please review and comment.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 26, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)

Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date: Thursday, June 15, 2017 09:24:16
Attachment 1: image001.png
Attachment 2: 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx
Attachment 3: Directive IESO FHP 2017 v2.docx
Attachment 4: image002.png

This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision.

Ken provided instructions not to retain the 25bps for the $2.0 B,

OFA will charge the 25bps spread but the 25bps will go towards interest on debt.

OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.

Conversation 6/14/17 at 2:15 pm.

According to OFHP OIC, section C(ii) "…..

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date: Thursday, June 15, 2017 09:24:16
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OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.

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Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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Recommended by the Treasury Board/Management Board of Cabinet on:
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Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From: Sarah Harris
To: William Tan
Subject: FW: OFHP OFA Prom note (draft)
Date: Wednesday, August 30, 2017 2:25:55 PM
Attachments: OFHP OFA borrow from Province, Prom Note v3.doc

Hi Will,
Caroline should also have a copy of the signed OIC for her reference. I don't remember if Bruno sent us the final signed OIC, so if he didn't please send an e-mail and cc' Caroline/Sarah N. asking him to send a copy to you and to them.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)
Good morning Toby,
I updated the table only to be consistent with more recent precedent. Please review and comment.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 26, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From: Sarah Harris
To: William Tan
Subject: FW: OFHP OFA Prom note (draft)
Date: Wednesday, August 30, 2017 2:25:55 PM
Attachments: OFHP OFA borrow from Province, Prom Note v3.doc

Hi Will,
Caroline should also have a copy of the signed OIC for her reference. I don't remember if Bruno sent us the final signed OIC, so if he didn't please send an e-mail and cc' Caroline/Sarah N. asking him to send a copy to you and to them.
Thanks,
Sarah

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)
Good morning Toby,
I updated the table only to be consistent with more recent precedent. Please review and comment.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 26, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

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(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

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The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

To:	William Tan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:49:00 PM

You should forward to Ken, just for his informaitoj

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We

have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	William Tan
To:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:02:56 PM

Hi Sarah,
Are you Opal available for a quick meeting with Mike? If yes, you and I should speak together first.

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:01 PM
To: William Tan
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I was only looking to have a quick meeting with you and Opal, possibly Sarah as well.
Thanks, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
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Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.
Ken k

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Thank you,

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	William Tan
To:	Mike Manning
Cc:	Lisa Stein; Sarah Harris; Ken Kandeepan; Siva Nathan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 12:51:19 PM

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Cc:	Sarah Harris
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Date:	Tuesday, August 08, 2017 11:15:21 AM

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Lisa N. Stein
Legal Counsel
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416-325-2320

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 11:15:02 AM

From: Mike Manning
Sent: Tuesday, August 08, 2017 10:41 AM
To: William Tan
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Importance: High

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To:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 10:49:03 AM

Fyi, Ken's response.

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan
Cc: Siva Nathan
Subject: RE: Policy question re OFHP Credit Facility Agreement

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To:	William Tan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:48:22 PM

That's good news.
So the remaining part is to organize the call with Lisa, Toby and CEFD. That should be done now so we get it done this afternoon.
Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
Regards, Mike

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Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
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Legal Counsel
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416-325-2320

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From:	William Tan
To:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 10:43:50 AM

Fyi, looks like Mike may require a call.

From: Mike Manning
Sent: Tuesday, August 08, 2017 10:41 AM
To: William Tan
Subject: RE: Policy question re OFHP Credit Facility Agreement

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From: William Tan
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To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 9:13:26 AM

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From:	Sarah Harris
To:	William Tan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:48:22 PM

That's good news.
So the remaining part is to organize the call with Lisa, Toby and CEFD. That should be done now so we get it done this afternoon.
Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
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Hello Mike,
Based on Ken's response would you still like me to arrange a call?
Thanks,
Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Will
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.
As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.
Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.
Ken k

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:46:59 PM

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
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Subject: RE: Policy question re OFHP Credit Facility Agreement

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Regards, Mike

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Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:27:22 PM

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Sent: Tuesday, August 08, 2017 11:15 AM
To: Lisa Stein
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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
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From:	William Tan
To:	Opal Kandelas
Cc:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:08:52 PM

Hi Opal,
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I think he's in a meeting from 2pm to 3pm.
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Will

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Sent: Tuesday, August 08, 2017 1:01 PM
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To: William Tan
Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 3:34:01 PM

HI Will,
It might be a good idea to touch base with Lisa to ask if she would be able to circulate the list so that it may be possible for all parties to review before the meeting. Since we are aiming to have the facility executed, realistically at this point, on Monday, it may help to have the list so that we can check interanlly

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From: Lisa Stein
Sent: Tuesday, August 08, 2017 3:10 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Will,
Toby and I are putting together a list of outstanding issues in relation to this file and additional discussion will be required. Can you please set up a placeholder call for tomorrow afternoon with Toby and myself, as well as everyone I previously suggested?
Thank you,
Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

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From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
Regards, Mike

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From:	Sarah Harris
To:	Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Lisa Stein; Tobias P. Whitfield (MOF); William Tan
Subject:	FW: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:37:30 AM
Importance:	High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan ; Sarah Harris
Cc: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly

summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Lisa Stein; Tobias P. Whitfield (MOF); William Tan
Subject:	FW: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:37:30 AM
Importance:	High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan ; Sarah Harris
Cc: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly

summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

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To:	Sarah Neville
Cc:	Sarah Harris
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Date:	Wednesday, July 12, 2017 3:29:10 PM

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To: Bruno Amara
Cc: Sarah Harris; John Kim; Gavin He
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date: Wednesday, July 12, 2017 3:25:32 PM

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From: William Tan
To: Sarah Harris
Subject: FW: Status Update
Date: Tuesday, August 15, 2017 9:32:14 AM

Good morning Sarah,

1. IESO

FHP Credit facility agreement - Lisa is in the early stages of getting a new ministerial directive. We are making finishing touches on the FHP Credit Facility before we provide a draft copy to IESO.

AA10 – I will follow-up with Lisa today with regards to the final sign-off.

2. OLMS report/OILC Loan confirmation improvement.
3. Update T-bill procedure manual – pending test of new procedures before I document them.
4. Bond exchange procedures – drafts submitted.

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, August 15, 2017 9:18 AM
To: Dean Hwang <Dean.Hwang@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Karin Sze <Karin.Sze@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sab Horvath <Sab.Horvath@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Status Update

Hi,

Would you please provide me with a status update on your files by 10 a.m.

Muchas gracias.

Sarah

From: William Tan
To: Sarah Harris
Subject: FW: Status Update
Date: Tuesday, August 15, 2017 9:32:14 AM

Good morning Sarah,

1. IESO

FHP Credit facility agreement - Lisa is in the early stages of getting a new ministerial directive. We are making finishing touches on the FHP Credit Facility before we provide a draft copy to IESO.

AA10 – I will follow-up with Lisa today with regards to the final sign-off.

2. OLMS report/OILC Loan confirmation improvement.

3. Update T-bill procedure manual – pending test of new procedures before I document them.

4. Bond exchange procedures – drafts submitted.

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, August 15, 2017 9:18 AM
To: Dean Hwang ; Kelly Listoe ; Karin Sze ; William Tan ; Sab Horvath ; Ryan Blackbyrne
Subject: Status Update

Hi,

Would you please provide me with a status update on your files by 10 a.m.

Muchas gracias.

Sarah

From: William Tan
To: Sarah Harris
Subject: FW: Status Updates
Date: Tuesday, July 04, 2017 9:57:27 AM
Attachments: image001.png

Good morning Sarah,

1. IESO draft new Credit facility agreement and amendment of existing agreement.
2. OILC has sent a large number of loan request recently.
3. OLMS report/OILC Loan confirmation improvement.
4. Update T-bill procedure manual – pending test of new procedures before I document them.
5. Bond exchange procedures – drafts submitted.

9	OILC D294	Amortizing	21-Jun-17	17-Jul-17	26	($12,138,592.00)	Pricing accepted	Ryan
0	OILC D296	Amortizing	26-Jun-17	17-Jul-17	21	$ (227,001.00)	Pending Pricing	Will
1	OILC D298	Amortizing	27-Jun-17	17-Jul-17	20	$ (1,550,000.00)	Pending Pricing	Will
2	OILC D299	Amortizing	5-Jul-17	01-Aug-17	27	$ (45,395,289.00)	Pending Pricing	Will
3	OILC D300	Amortizing	5-Jul-17	01-Aug-17	27	$ (600,000.00)	Pending Pricing	Will
4	OILC D301	Amortizing	5-Jul-17	01-Aug-17	27	$ (3,180,000.00)	Pending Pricing	Will
5	OILC D302	Amortizing	5-Jul-17	01-Aug-17	27	$ (1,358,000.00)	Pending Pricing	Will
6	OILC D303	Amortizing	5-Jul-17	01-Aug-17	27	$ (4,156,500.00)	Pending Pricing	Will
7	OILC D304	Amortizing	5-Jul-17	01-Aug-17	27	($8,450,550.00)	Pending Pricing	Will
8	OILC D305	Amortizing	5-Jul-17	01-Aug-17	27	($7,188,600.00)	Pending Pricing	Will
9	OILC D306	Amortizing	5-Jul-17	01-Aug-17	27	($17,253,833.00)	Pending Pricing	Will
0	OILC D307	Amortizing	5-Jul-17	01-Aug-17	27		Pending Pricing	Will
1					0			

Thanks,

From: Sarah Harris
Sent: Tuesday, July 04, 2017 9:33 AM
To: Andrea Dalgarno ; Dean Hwang ; Jean-Francois Beaupre ; Karin Sze ; Kelly Listoe ; Ryan Blackbyrne ; Sab Horvath ; William Tan
Subject: Status Updates

Good morning,
Would you please send me a brief status update on your files by 10:15 a.m.
Thanks,
Sarah

9	OILC D294	Amortizing	21-Jun-17	17-Jul-17	26	($12,138,592.00)	Pricing accepted	Ryan
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4	OILC D301	Amortizing	5-Jul-17	01-Aug-17	27	$ (3,180,000.00)	Pending Pricing	Will
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0	OILC D307	Amortizing	5-Jul-17	01-Aug-17	27		Pending Pricing	Will
1					0			

From: William Tan
To: Sarah Harris
Subject: FW: Ticket Redesign, pre and post BA
Date: Monday, August 28, 2017 3:07:15 PM

Hi Sarah,

I last spoke to Risa late in late May regarding the ticket redesign. She advised that I consult her in regards to any proposed changes to the OLMS trade ticket so that it does not unduly impact her area. Once a change can be agree upon Risa will then include Craig in the discussion. No progress has been made since I began working on the FHP file in early June. It appears that the FHP file is starting to wrap up so I hope to get back on track on the ticket redesign again very soon.

Thanks,

Will

From: Sarah Harris
Sent: Monday, August 28, 2017 2:18 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Ticket Redesign, pre and post BA

Hi Will,

Do you know the status of the OLMS trade ticket that Risa commissioned?

Thanks,
Sarah

From: William Tan
Sent: Thursday, May 25, 2017 3:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: Ticket Redesign, pre and post BA

Hello,

I put together some points regarding the proposed OLMS ticket redesign to include pre and post borrowing authority. Hopefully it captures the main points. Andrea is working from home tomorrow, so perhaps we can meet next early next week.

Thanks,

Will

From: Sarah Harris
Sent: Wednesday, May 17, 2017 12:14 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: FW: Test account for William Tan ISSUE=17757 PROJ=2

Hi Will,

For testing our OILC report and borrowing authority in OLMS (not required until IT has put something into test, based on your instructions), I've requested that you be set up a test account in Citrix.

Andrea – Once Will gets the login, would you please show him how to access it?

Thanks,
Sarah

From: IT Service Desk [mailto:servicedesk@ofina.on.ca]
Sent: Wednesday, May 17, 2017 12:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Test account for William Tan ISSUE=17757 PROJ=2

When replying, type your text above this line.

Notification of Ticket Registration

Workspace: IT Service Desk
Ticket: Test account for William Tan
Ticket Number: 17757

Priority: Normal **Status:** Open
Date: 05/17/2017 **Time:** 12:09:49
Created By: sharris

Click here to view Ticket in Browser

Description:
Entered on 05/17/2017 at 12:09:49 EDT (GMT-0400) by Sarah Harris:
Could you please set up an account in "Test" for William Tan.

Thank you.

Current Assignees: Deskside Support

Ticket Information:

Severity: Normal **Type:** Citrix
Submitted Via: Web

Contact Information:

Last Name:	Harris	**First Name:**	Sarah
Email Address:	sarah.harris@ofina.on.ca	**User ID:**	sharris
Department:	Capital Markets	**Mobile Number:**	(647) 278-9718
Business Number:	(416) 325-8193	**Job Title:**	Manager Operations

From: William Tan
To: Sarah Harris
Subject: FW: Timing of call
Date: Tuesday, August 08, 2017 3:14:58 PM

Fyi
Lisa's calendar is blocked-off for most of tmw morning and will only be available at 2pm.
I'll schedule the call, but I'm also going to find out what is in their summary of issues and try to get some of those items off agenda.

Sent: Tuesday, August 08, 2017 3:04 PM
To: Sarah Harris
Subject: RE: Timing of call
Thanks for the suggestion Sarah.
I'll go with your suggestion.
Sigh, looks like it will have to be tomorrow.
Toby was busy all afternoon and only replied 30 mins ago and is gone for the day at 4pm.
and Bruno has just left for a call for 1 hour.

From: Sarah Harris
Sent: Tuesday, August 08, 2017 2:58 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Timing of call
Hi Will,
If others are not yet aware, it would be good to let those who will be participating in Lisa's IESO call a status update. Usually when these call are organized, you send out an e-mail asking all participants about their availability and give a couple of proposed times for a call. Everyone will usually respond to the group with their availability.
Thanks,
Sarah

To:	Opal Kandelas
Subject:	FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:38:28 AM

From: Lisa Stein
Sent: Thursday, June 29, 2017 10:14 AM
To: Sarah Harris ; Sarah McGowan
Cc: Michael Smith ; Bonnie Zhang ; Greg Moore ; Salman Qadir
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thank you,
Lisa

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,
Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>;

Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
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I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

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Hi all,
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Thank you,
Lisa

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To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
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Hi all,
Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.
Thank you,
Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc
Hi Michael and Mara,
Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.
I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).
Thank you,
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Lisa N. Stein
Legal Counsel
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416-325-2320
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recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Lisa Stein
To: Sarah Harris; Sarah McGowan
Cc: Michael Smith; Bonnie Zhang; Greg Moore; Salman Qadir
Subject: FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 10:14:21 AM

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

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Thank you,

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Thank you,

Lisa

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From: Lisa Stein
To: Sarah Harris; Sarah McGowan
Cc: Michael Smith; Bonnie Zhang; Greg Moore; Salman Qadir
Subject: FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 10:14:21 AM

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Legal Counsel
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****

From:	Sarah Harris
To:	Andrea Dalgarno
Cc:	William Tan
Subject:	FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 9:59:39 AM

Hi,
This is just to take into account when we update the OFA loans OICs spreadsheet for Siva next time.
Sarah

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith ; Lisa Stein ; Mara Bakic
Cc: Bonnie Zhang ; Joan Dougherty ; Linda Smith ; Greg Moore ; Salman Qadir ; Sarah McGowan
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc
I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc
Hi all,
Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.
Thank you,
Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
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Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

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From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Sarah Harris
To:	Andrea Dalgarno
Cc:	William Tan
Subject:	FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 9:59:39 AM

Hi,
This is just to take into account when we update the OFA loans OICs spreadsheet for Siva next time.
Sarah

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith ; Lisa Stein ; Mara Bakic
Cc: Bonnie Zhang ; Joan Dougherty ; Linda Smith ; Greg Moore ; Salman Qadir ; Sarah McGowan
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc
Hi Lisa,
354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).
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From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
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****

To:	Opal Kandelas
Subject:	FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:38:28 AM

From: Lisa Stein
Sent: Thursday, June 29, 2017 10:14 AM
To: Sarah Harris ; Sarah McGowan
Cc: Michael Smith ; Bonnie Zhang ; Greg Moore ; Salman Qadir
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thank you,
Lisa

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Sent: Thursday, June 29, 2017 9:51 AM
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Thank you,
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Legal Counsel
Ontario Financing Authority
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****

From: Jean-Francois Beaupre
To: Sarah Harris
Subject: Fwd: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 2:03:27 PM

Fyi

Begin forwarded message:

> **From:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Date:** July 26, 2017 at 2:03:09 PM EDT
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> **Subject: Re: IESO - Credit facility balances/requirments**
>
> Hi Will,
>
> The methodology we are using in OLMS to determine outstanding IESO amounts appears to differ substantially from the $138M we were expecting. Please advise as we need to figure this out before executing the amending agreement and we should be able to confirm IESO's numbers independently.
>
> Thanks,
> JF
>
> On Jul 26, 2017, at 1:57 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> > Hello,
> > This is regarding the additional advances for mid-August.
> > I haven't looked at this yet as I am reviewing the credit facility agreement.
> > Thanks,
> > Will
> >
> > ---
> >
> > **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> > **Sent:** Wednesday, July 26, 2017 10:47 AM
> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
> > **Subject:** RE: IESO - Credit facility balances/requirments
> > William,
> > 1.
> > As of July 26, we have OFA credit o/s of:
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> > <!--[if !supportLists]-->2. <!--[endif]-->RRRP amount o/s = $6.6 million
> > 2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.
Plus any RRRP or other credit needs that may result during August.
3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,
I trying to understand your drawing requirements.
Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.
Will

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From: Jean-Francois Beaupre
To: Sarah Harris
Subject: Fwd: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 2:16:32 PM

Hi Sarah,

Will seems to be experiencing significant difficulty prioritizing items. I am assisting as much as I can but this matter is diverting my attention from other files. I know how important the IESO file is, so I will ensure that I remain actively involved throughout the documentation/negotiation process.

Thanks,
JF

Begin forwarded message:

> **From:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Date:** July 26, 2017 at 2:11:24 PM EDT
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> **Subject: Re: IESO - Credit facility balances/requirments**
>
> Hi Will,
>
> The agreement is the priority. Please coordinate your comments with Kelly and we can discuss when you are ready before sending to OFA Legal. Victor mentioned having a call with OFA counsel, so perhaps you can set-up a call for late tomorrow morning or early tomorrow afternoon, which would give us a chance to discuss internally with Lisa first.
>
> Thanks,
> JF
>
> On Jul 26, 2017, at 2:05 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> > Hi JF,
> > Which do you want me to work on first?
> >
> > **From:** Jean-Francois Beaupre
> > **Sent:** Wednesday, July 26, 2017 2:03 PM
> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> > **Subject:** Re: IESO - Credit facility balances/requirments
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From:	Sarah Harris
To:	William Tan
Subject:	Fwd: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 4:52:02 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx ATT00001.htm FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx ATT00002.htm

---

Hi Will,

IESO still needs to comment on our proposed changes, so execution is dependant on that too (as well as getting the signed directive). Please clarify that with Anthony.

Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

From: William Tan <William.Tan@ofina.on.ca>
Date: August 18, 2017 at 3:18:18 PM EDT
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>, 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks.

Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	William Tan
Subject:	Fwd: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 4:52:02 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx ATT00001.htm FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx ATT00002.htm

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Hi Will,

IESO still needs to comment on our proposed changes, so execution is dependant on that too (as well as getting the signed directive). Please clarify that with Anthony.

Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

From: William Tan <William.Tan@ofina.on.ca>
Date: August 18, 2017 at 3:18:18 PM EDT
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>, 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks.

Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: William Tan
Subject: Fwd: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 10:08:49 AM

Hi Will,

Could you please give Sarah a full update, including the summary email you sent out internally on the concerning our call with Anthony, our internal discussion regarding the approach that execution of the agreements, and Anthony's follow up email from yesterday. That will give her some additional information to consider. I'm travelling right now, so please assist Sarah N as much as possible to fully bring her up to speed on this file.
Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

From: Sarah Neville <Sarah.Neville@ofina.on.ca>
Date: July 14, 2017 at 9:38:03 AM EDT
To: Sarah Harris <Sarah.Harris@ofina.on.ca>, Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties,

the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
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Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

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Have a great weekend.
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Hello Anthony,
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Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

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Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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Hello Anthony,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	William Tan
Subject:	Fwd: IESO credit facility
Date:	Tuesday, August 22, 2017 9:08:43 PM

FYI

Sent from my iPhone

Begin forwarded message:

From: John Kim <John.Kim@ofina.on.ca>
Date: August 22, 2017 at 5:18:20 PM EDT
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO credit facility

Thanks….I will give Anthony a shout.

From: Sarah Harris
Sent: Tuesday, August 22, 2017 12:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO credit facility

Hi John,

Anthony at IESO told Will that he had been in discussion with Moody's and that he told Moody's that the $2B facility would be executed by the end of the month (August). Moody's is aware of the balance under the existing $975 facility, and Moody's has taken into account the availability of $2B line, so it is a credibility issue for IESO in supporting IESO's rating. Anthony also communicated to their CFO that the facility would be executed by end of month.

This is why Anthony had requested to see a copy of the directive, that is, so he could provide assurance to parties at this end that all was in order for the credit facility to be executed past the end of the month.

We had communicated to Anthony that we expected that the directive would be signed this week so we could execute the agreements this week.

If we can get the directive signed on Monday or Tuesday, we could still get the credit facilities executed by end of month. However, before we give IESO a further update, we should confirm that this will be occurring.

Sarah

From: John Kim
Sent: Tuesday, August 22, 2017 12:33 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO credit facility

Hi Sarah,

I know you have had the contact with Anthony at IESO. The alternate to our M is away until next week. Did I get the rationale for the urgency right if I say – IESO has some sort of credit agency meeting scheduled or have ongoing discussions as a rated entity?
John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	Sarah Harris
To:	William Tan
Subject:	Fwd: IESO credit facility
Date:	Tuesday, August 22, 2017 9:08:43 PM

FYI

Sent from my iPhone

Begin forwarded message:

From: John Kim <John.Kim@ofina.on.ca>
Date: August 22, 2017 at 5:18:20 PM EDT
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO credit facility

Thanks….I will give Anthony a shout.

From: Sarah Harris
Sent: Tuesday, August 22, 2017 12:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO credit facility

Hi John,

Anthony at IESO told Will that he had been in discussion with Moody's and that he told Moody's that the $2B facility would be executed by the end of the month (August). Moody's is aware of the balance under the existing $975 facility, and Moody's has taken into account the availability of $2B line, so it is a credibility issue for IESO in supporting IESO's rating. Anthony also communicated to their CFO that the facility would be executed by end of month.

This is why Anthony had requested to see a copy of the directive, that is, so he could provide assurance to parties at this end that all was in order for the credit facility to be executed past the end of the month.

We had communicated to Anthony that we expected that the directive would be signed this week so we could execute the agreements this week.

If we can get the directive signed on Monday or Tuesday, we could still get the credit facilities executed by end of month. However, before we give IESO a further update, we should confirm that this will be occurring.

Sarah

From: John Kim
Sent: Tuesday, August 22, 2017 12:33 PM
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Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Sarah Harris
To: Risa Thau
Subject: Fwd: OFA-IESO Credit Facilities
Date: Wednesday, August 16, 2017 5:21:29 PM

Hi Risa,

I'm just confirming that the following is workable?

Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

> **From:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Date:** August 15, 2017 at 11:52:49 AM EDT
> **To:** Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, Risa Thau <Risa.Thau@ofina.on.ca>, George Sakura <George.Sakura@ofina.on.ca>, Graham Monroe <Graham.Monroe@ofina.on.ca>, Tony Dong <Tony.Dong@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>, William Tan <William.Tan@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject: OFA-IESO Credit Facilities**
>
> Hello,
> We are currently in the process of working on a new $2B OFA-IESO Credit Facility to provide funding in respect of the Ontario Fair Hydro Plan. Under this framework, the existing $975 million OFA-IESO Credit Facility is to be reduced to $475 million. Due to a required Ministerial approval, the new $2B facility will not be executed until mid-September (estimate).
> Once the new $2B facility is in place, the OFA would be looking to re-allocate certain loans (TBD) from the existing $975M credit facility to the new $2B facility, in order to bring the existing facility under the new intended $475 million limit. Effectively, under the legal agreements, it would be transferring certain loans from the existing facility to the new facility. The intention is that there will be no movement of funds and therefore no cash impact (that is, IESO does not repay the existing loans, and the OFA does not fund the new loans).
> Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?
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From:	Sarah Harris
To:	John Psinas; Kevin Hwang
Cc:	George Sakura
Subject:	Fwd: OFA-IESO Credit Facilities
Date:	Wednesday, August 16, 2017 5:20:06 PM

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> Sarah

From: Sarah Harris
To: Opal Kandelas
Subject: Fwd: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 12:12:00 PM

Also Gavin

Sent from my iPhone

Begin forwarded message:

> **From:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Date:** August 9, 2017 at 12:06:51 PM EDT
> **To:** Opal Kandelas <Opal.Kandelas@ofina.on.ca>
> **Subject: Re: Policy questions re OFHP Credit Facility Agreement**
>
> 2 pm. Lisa, Toby, Bruno, Will, myself so far. John shows away; haven't heard about him.
>
> Sent from my iPhone
>
> On Aug 9, 2017, at 11:50 AM, Opal Kandelas <Opal.Kandelas@ofina.on.ca> wrote:
>
> > Hi Sarah,
> > What time is the call this afternoon?
> >
> > Opal.
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:
> >
> > > **From:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> > > **Date:** August 9, 2017 at 10:37:29 AM EDT
> > > **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> > > **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, William Tan <William.Tan@ofina.on.ca>
> > > **Subject: FW: Policy questions re OFHP Credit Facility Agreement**

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not

included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is

consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended

recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Opal Kandelas
To: Sarah Harris
Subject: Fwd: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 11:50:55 AM

Hi Sarah,
What time is the call this afternoon?

Opal.

Sent from my iPhone

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> **Date:** August 9, 2017 at 10:37:29 AM EDT
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Importance: High

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Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

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Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe

that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Sarah Harris
To: Opal Kandelas
Subject: Fwd: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 12:12:00 PM

Also Gavin

Sent from my iPhone

Begin forwarded message:

> **From:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Date:** August 9, 2017 at 12:06:51 PM EDT
> **To:** Opal Kandelas <Opal.Kandelas@ofina.on.ca>
> **Subject: Re: Policy questions re OFHP Credit Facility Agreement**
>
> 2 pm. Lisa, Toby, Bruno, Will, myself so far. John shows away; haven't heard about him.
>
> Sent from my iPhone
>
> On Aug 9, 2017, at 11:50 AM, Opal Kandelas <Opal.Kandelas@ofina.on.ca> wrote:
>
> > Hi Sarah,
> > What time is the call this afternoon?
> >
> > Opal.
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:
> >
> > > **From:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> > > **Date:** August 9, 2017 at 10:37:29 AM EDT
> > > **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> > > **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, William Tan <William.Tan@ofina.on.ca>
> > > **Subject: FW: Policy questions re OFHP Credit Facility Agreement**

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

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recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville
Subject:	GRID note to be placed at the back of the FHP Agreement
Date:	Wednesday, August 30, 2017 9:26:13 AM
Attachments:	Grid Note form as of Aug 30, 2017.xls

Hello Caroline,

If you have a moment, please insert the attached form of Grid note to be placed at the back of the FHP Agreement.

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

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From:	Salman Qadir
To:	Lisa Stein
Cc:	Sarah Harris; Bruno Amara
Subject:	IESO $2B Credit Facility - Minister"s Directive
Date:	Thursday, June 29, 2017 2:48:15 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf

---

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,

Salman

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

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Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
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- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: Sarah Harris
To: William Tan
Subject: IESO Amending Agreement
Date: Friday, July 14, 2017 7:55:52 AM

Hi Will,

I am away today and Monday, but I told Anthony we expected to sending the amending agreement to him today. It seems like Sarah Neville is very busy, and may not get to it today. At around lunch, please check with Sarah on the status (let her know that you are aware she is very busy, but just wanted to give IESO an update). I just sent to her Victor's response on Use of Proceeds.

It is likely you won't be able to get an amending agreement to IESO today; Sarah will need to sign off on any comments/revisions we send back to IESO, so realistically, if you have any comments on her comments, she won't have time to turn another review and sign-off by the end of the day (doesn't mean that you shouldn't try to ask her to see if it is possible). Accordingly, after you check with Sarah at lunch on the status of the amending agreement, you can follow up with Anthony to let him know when you expect to send it to him (if it won't be today). I'll take a peek at my e-mails on the weekend to see if there is anything on this file that needs my review.

Thanks,

Sarah

From:	Sarah Harris
To:	Kelly Listoe; William Tan
Cc:	Jean-Francois Beaupre
Subject:	IESO Credit Facilities
Date:	Monday, July 24, 2017 7:30:04 AM
Attachments:	OFHP - June 28 meeting summary.msg IESO DIRECTIVE decrease line of credit.msg RE IESO OFA new FH credit facility.msg RE IESO OFA new FH credit facility - Amending Agreement 10.msg RE IESO OFA new FH credit facility.msg RE IESO OFA new FH credit facility.msg

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Hi Kelly and Will,

I am providing this summary in order bring Kelly up to speed on this file.

We are currently working on two credit facility agreements for between OFA and IESO:

1) New $2Billion credit facility for FHP purposes

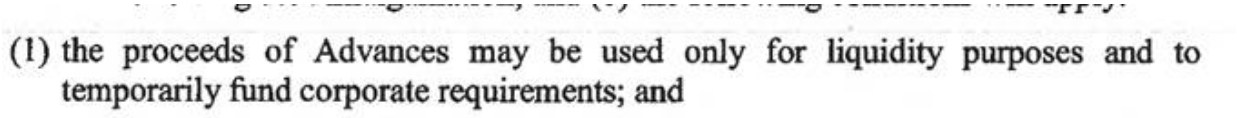
2) Amending Agreement to reduce existing $975 million credit facility by $500 million to $475 million.

OFA counsel assigned to the file is Lisa Stein, but she has been on vacation for two weeks, and is back July 24th. Sarah Neville has been covering. Toby from MOF Legal has provided comments on the $2B Facility.

The original goal was to have both of these in place by July 1st. Drafts were provided to IESO the approximately June 23rd ($2B facility draft attached; for amending agreement, please see IESO's comments July 7th, attached per below). Anthony from IESO said the legal folks at IESO were busy working on priority files and would not be able to look at the agreements until mid-July or so. A call we had with Anthony Martinello on June 28th is attached which summarizes the call plus our internal conversation.

IESO provided comments on the amending agreement July 7th (attached) and there were subsequent internal discussions on IESO's proposed Use of Proceeds for the amending agreement. In short,

i) Amending Agreement #8 has use of proceeds as (which aligns with the directive at the time):



(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

ii) The directive underpinning Amending Agreement #9 constrains Use of Proceeds to liquidity purposes (i.e. does not include corporate requirements), but the amending agreement #9 didn't change the Use of Proceeds to remove "temporary corporate requirements. It is a unclear why this wasn't changed, but Ken Kandeepan said liquidity purposes could also encompass corporate requirements. I attach an e-mail from Will to IESO summarizing our Use of Proceeds proposal to IESO. The idea is that we qualify the Use of Proceeds as follows:
*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*
If IESO cannot agree, then we need to get a new directive for the Use of Proceeds ASAP (Minister leaves August 7th). Sarah Neville provided draft directive if needed. Documentation has yet to provide comments on it (Will, please check dates of all directives for recitals, per Sarah's request).

The remaining timing on these two agreements is tight. If the new $2B FHP facility isn't in place by mid-August, there is a risk that the IESO may require more than the $475M funding under the existing credit facility, which is problematic. The global intended limit is $2.475 billion, and it is important that **both credit facilities be**

completed before IESO makes its mid-August draw. Please see Anthony Martinello's e-mail where he discusses intended draws: "*The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA"*

Next steps:

1. Amending Agreement: Sarah Neville is finalizing comments on the IESO amending agreement to be sent to IESO on Monday. IESO to advise on our proposal of Use of Proceeds by Monday, which will determine whether we need to seek a new directive. If a new directive is needed, it needs to be signed off internally by Tuesday (confirm with Gavin in Electricity Finance), delivered to the DMO this week, and brought up to the Minister the following week for signature by before the Minister leaves on vacation for August 7th. Gavin will need to organize this, so please keep him and Sarah Neville (and Lisa Stein advised, as she is back from vacation Monday) informed of IESO's answer on Monday. **If you don't hear back from IESO by lunch on Monday for Use of Proceeds, please follow up with Anthony/Victor to see what their determination is.**
2. $2B FHP Credit Facility – comments expected back from IESO Monday or Tuesday.

Kelly, as you are experienced with the IESO facilities, in my absence, kindly coordinate and provide direction to Will on this file. Will, please ensure that Kelly and myself are copied on all correspondence, concerns and queries.

Thanks,

Sarah

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: OFHP - June 28 meeting summary
Date: Monday, July 10, 2017 16:55:08

Hello all,

Below is a number of topics discussed internally and eventually with Anthony of IESO.

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. (Update: First round of IESO draft comments for Amending Agreement 10 was received on July 7) As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This information was included in the briefing material (LRC Approval Form) to assist the Ministry of Finance in its decision to approve the order in council and directive.

In order to proceed in a manner consistent with the FHP loan framework presented to the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new $2B FHP credit facility, with a combined limit of $2.475 B), IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility.

Reducing the $975M credit facility first mitigates, the possibility of IESO exceeding the $475 million revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement, IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does exceed $475 million before the existing credit facility is reduced, the remedy would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: IESO DIRECTIVE decrease line of credit
Date: Wednesday, July 19, 2017 14:14:36
Attachment 1: IESO DIRECTIVE decrease line of credit.docx

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that

the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From: Victor Buza [Victor.Buza@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 15:01:26
Attachment 1: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

---

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kelly Listoe [Kelly.Listoe@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Friday, July 21, 2017 15:01:41

Hello,

I spoke with Victor Buza (IESO Legal).

Paragraph 4 – Use of Proceeds: He will defer for Anthony for comment.

Paragraph 2 & 3 – He had no concerns.

RE: FHP Credit Facility, he wanted to clarify with his management if they are fine with a certain provision. If they agree to it, we may see their draft on Monday or Tuesday.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, **provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3
This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority

(IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: 'Anthony.Martinello@ieso.ca' [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; 'Victor.Buza@ieso.ca' [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, June 23, 2017 17:45:07
Attachment 1: FHP credit facility agreement draft June 23 2017.docx

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Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

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Sent: Wednesday, June 21, 2017 11:25 AM
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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 13:12:48

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line. The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	Sarah Harris
To:	Kelly Listoe; William Tan
Cc:	Jean-Francois Beaupre
Subject:	IESO Credit Facilities
Date:	Monday, July 24, 2017 7:30:04 AM
Attachments:	OFHP - June 28 meeting summary.msg IESO DIRECTIVE decrease line of credit.msg RE IESO OFA new FH credit facility.msg RE IESO OFA new FH credit facility - Amending Agreement 10.msg RE IESO OFA new FH credit facility.msg RE IESO OFA new FH credit facility.msg

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Hi Kelly and Will,

I am providing this summary in order bring Kelly up to speed on this file.

We are currently working on two credit facility agreements for between OFA and IESO:

1) New $2Billion credit facility for FHP purposes

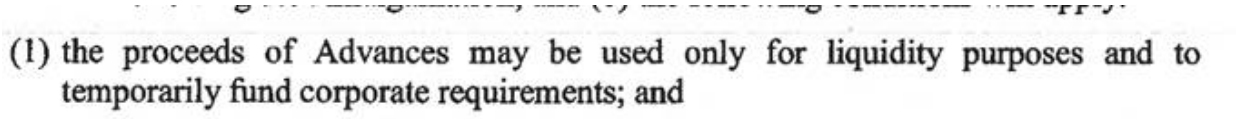
2) Amending Agreement to reduce existing $975 million credit facility by $500 million to $475 million.

OFA counsel assigned to the file is Lisa Stein, but she has been on vacation for two weeks, and is back July 24th. Sarah Neville has been covering. Toby from MOF Legal has provided comments on the $2B Facility.

The original goal was to have both of these in place by July 1st. Drafts were provided to IESO the approximately June 23rd ($2B facility draft attached; for amending agreement, please see IESO's comments July 7th, attached per below). Anthony from IESO said the legal folks at IESO were busy working on priority files and would not be able to look at the agreements until mid-July or so. A call we had with Anthony Martinello on June 28th is attached which summarizes the call plus our internal conversation.

IESO provided comments on the amending agreement July 7th (attached) and there were subsequent internal discussions on IESO's proposed Use of Proceeds for the amending agreement. In short,

i) Amending Agreement #8 has use of proceeds as (which aligns with the directive at the time):



(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

ii) The directive underpinning Amending Agreement #9 constrains Use of Proceeds to liquidity purposes (i.e. does not include corporate requirements), but the amending agreement #9 didn't change the Use of Proceeds to remove "temporary corporate requirements. It is a unclear why this wasn't changed, but Ken Kandeepan said liquidity purposes could also encompass corporate requirements. I attach an e-mail from Will to IESO summarizing our Use of Proceeds proposal to IESO. The idea is that we qualify the Use of Proceeds as follows:

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, **provided that Advances may be used only for liquidity purposes.**"*

If IESO cannot agree, then we need to get a new directive for the Use of Proceeds ASAP (Minister leaves August 7th). Sarah Neville provided draft directive if needed. Documentation has yet to provide comments on it (Will, please check dates of all directives for recitals, per Sarah's request).

The remaining timing on these two agreements is tight. If the new $2B FHP facility isn't in place by mid-August, there is a risk that the IESO may require more than the $475M funding under the existing credit facility, which is problematic. The global intended limit is $2.475 billion, and it is important that **both credit facilities be**

completed before IESO makes its mid-August draw. Please see Anthony Martinello's e-mail where he discusses intended draws: "*The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA"*

Next steps:

1. Amending Agreement: Sarah Neville is finalizing comments on the IESO amending agreement to be sent to IESO on Monday. IESO to advise on our proposal of Use of Proceeds by Monday, which will determine whether we need to seek a new directive. If a new directive is needed, it needs to be signed off internally by Tuesday (confirm with Gavin in Electricity Finance), delivered to the DMO this week, and brought up to the Minister the following week for signature by before the Minister leaves on vacation for August 7th. Gavin will need to organize this, so please keep him and Sarah Neville (and Lisa Stein advised, as she is back from vacation Monday) informed of IESO's answer on Monday. **If you don't hear back from IESO by lunch on Monday for Use of Proceeds, please follow up with Anthony/Victor to see what their determination is.**
2. $2B FHP Credit Facility – comments expected back from IESO Monday or Tuesday.

Kelly, as you are experienced with the IESO facilities, in my absence, kindly coordinate and provide direction to Will on this file. Will, please ensure that Kelly and myself are copied on all correspondence, concerns and queries.

Thanks,

Sarah

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: OFHP - June 28 meeting summary
Date: Monday, July 10, 2017 16:55:08

Hello all,

Below is a number of topics discussed internally and eventually with Anthony of IESO.

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. (Update: First round of IESO draft comments for Amending Agreement 10 was received on July 7) As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This information was included in the briefing material (LRC Approval Form) to assist the Ministry of Finance in its decision to approve the order in council and directive.

In order to proceed in a manner consistent with the FHP loan framework presented to the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new $2B FHP credit facility, with a combined limit of $2.475 B), IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility.

Reducing the $975M credit facility first mitigates, the possibility of IESO exceeding the $475 million revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement, IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does exceed $475 million before the existing credit facility is reduced, the remedy would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: IESO DIRECTIVE decrease line of credit
Date: Wednesday, July 19, 2017 14:14:36
Attachment 1: IESO DIRECTIVE decrease line of credit.docx

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that

the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From: Victor Buza [Victor.Buza@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 15:01:26
Attachment 1: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Kelly Listoe [Kelly.Listoe@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Friday, July 21, 2017 15:01:41

Hello,

I spoke with Victor Buza (IESO Legal).

Paragraph 4 – Use of Proceeds: He will defer for Anthony for comment.

Paragraph 2 & 3 – He had no concerns.

RE: FHP Credit Facility, he wanted to clarify with his management if they are fine with a certain provision. If they agree to it, we may see their draft on Monday or Tuesday.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, **provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3
This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority

(IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: 'Anthony.Martinello@ieso.ca' [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; 'Victor.Buza@ieso.ca' [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, June 23, 2017 17:45:07
Attachment 1: FHP credit facility agreement draft June 23 2017.docx

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Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 13:12:48

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line. The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	Sarah Neville
To:	William Tan; Sarah Harris; Gavin He; Shajee Kathirgamanathan
Cc:	Lisa Stein
Subject:	IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:14:37 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	Sarah Neville
To:	William Tan; Sarah Harris; Gavin He; Shajee Kathirgamanathan
Cc:	Lisa Stein
Subject:	IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:14:37 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

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Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

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(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From: William Tan
To: Malle Hanslep (MOF)
Cc: Sarah Harris
Subject: IESO Directive
Date: Tuesday, August 22, 2017 2:53:38 PM

Hello Malle,
I am checking in to see if you have received the directive from Bruno and had a chance to forwarded it to the DMO?
Thanks,
Will

From: Bruno Amara
Sent: Monday, August 21, 2017 8:46 AM
To: Lisa Stein ; Sarah Harris ; William Tan
Cc: Shajee Kathirgamanathan
Subject: RE: Credit facility
…and I understand Malle will then transmit to DMO.
Bruno

From: Bruno Amara
Sent: Monday, August 21, 2017 8:44 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Credit facility
Hi
The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
To: Sarah Neville
Cc: Sarah Harris
Subject: IESO Directives
Date: Monday, July 17, 2017 4:29:08 PM
Attachments: OFA-IESO-Minister Directive 2013.pdf
OPA Loan Increase 2005-2006 (500-77.1).pdf
OPA Loan Extension 2006-2010 (500-77.1.2).pdf
OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
OFA-IESO-Minister Directive 2016 - 975M.PDF
Minister Directive for IESO Credit Facility Approval.pdf

Hi Sarah,
Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.
Thanks,
Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein ; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Hi Lisa,
Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx
I think the ones attached are all of them. I also attached the latest one from late 2016.
Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
There should also be another one re: increase from $500 million to $975 million

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From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.
Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Hello Lisa,
Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM

To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

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- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan
To: Sarah Neville
Cc: Sarah Harris
Subject: IESO Directives
Date: Monday, July 17, 2017 4:29:08 PM
Attachments: OFA-IESO-Minister Directive 2013.pdf
OPA Loan Increase 2005-2006 (500-77.1).pdf
OPA Loan Extension 2006-2010 (500-77.1.2).pdf
OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
OFA-IESO-Minister Directive 2016 - 975M.PDF
Minister Directive for IESO Credit Facility Approval.pdf

Hi Sarah,
Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.
Thanks,
Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein ; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Hi Lisa,
Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx
I think the ones attached are all of them. I also attached the latest one from late 2016.
Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
There should also be another one re: increase from $500 million to $975 million

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From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.
Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Hello Lisa,
Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM

To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

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- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 3:18:19 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 3:18:19 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Anthony Martinello
To: William Tan
Cc: Sarah Harris; Kelly Listoe; Lisa Stein; Victor Buza
Subject: IESO FHP Credit Facility Agreement
Date: Friday, August 11, 2017 4:14:39 PM

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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From:	Gavin He
To:	William Tan; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	IESO FHP Credit Facility Discussion

Meeting objective:

- Discuss any outstanding questions on the IESO FHP credit facility

From:	Gavin He
To:	William Tan; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	IESO FHP Credit Facility Discussion

Meeting objective:

- Discuss any outstanding questions on the IESO FHP credit facility

From:	Sarah Harris
To:	William Tan
Subject:	IESO Grid Note
Date:	Monday, June 26, 2017 12:26:10 PM
Attachments:	acknowlandagree.pdf

HI Will,

The original grid note would be in the safe. In the OPA directory, the attached agreement shows the status of the latest grid note. Seems that there a couple of grid notes have been issued since Agreement #3

Sarah

ACKNOWLEDGEMENT AND AGREEMENT

This Acknowledgement and Agreement (this "**Agreement**") is made as of the 10th day of January, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Agreement**");

AND WHEREAS the OPA issued to the OFA a promissory note in the principal amount of $975,000,000 pursuant to Amending Agreement No. 7 ("**Note No. 7**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the parties hereto amended the Amended Agreement pursuant to an amendment dated November 30, 2016 (titled, "**Amending Agreement No. 9**", together with the Amended Agreement, the "**Credit Agreement**") and concurrently therewith and pursuant to the Credit Agreement, the IESO issued to the OFA a promissory note dated November 30, 2016 in the principal amount of $975,000,000 ("**Note No. 9**");

AND WHEREAS the parties hereto cannot locate Note No. 7 in their records and wish to acknowledge that Note No. 7 is lost and that Note No. 9 replaces and supersedes all preceding promissory notes;

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto acknowledge and agree as follows:

1. **Acknowledgements.**

   (a) The IESO has not provided written consent to any party to make Note No. 7 transferable or negotiable.

(b) Note No. 7 cannot be found and is hereby deemed cancelled.

(c) There are no other outstanding denomination promissory notes payable by the IESO to the OFA pursuant to the Credit Agreement other than Note No. 9.

(d) The IESO will not be liable to any party that comes forward and presents Note No. 7 or demands payment thereunder.

(e) If found by the OFA, Note No. 7 will be marked "cancelled" and delivered to the IESO.

2. **Governing Law and Forum.** This Agreement will be governed by the laws in effect in the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably and unconditionally submit to the jurisdiction of the courts of Ontario and all courts competent to hear appeals from them. The jurisdiction of any proceeding commenced by this Agreement will vest solely and exclusively in Ontario.

3. **Counterparts:** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission or facsimile will be as effective as delivery of a manually executed copy of this Agreement.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

From:	William Tan
To:	Sarah Neville
Cc:	Sarah Harris
Subject:	IESO OFA Credit Facility Amending Agreement 2 of 2
Date:	Tuesday, July 11, 2017 8:39:05 PM
Attachments:	Amendmen #6 (Executed).pdf Amending Agreement No 7 (Execution Copy).pdf OFA-OPA Amending Agreement No. 8 (Executed).PDF OPA IESO Amendment No 9 (Executed).pdf

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By:_____
Colin Andersen
Chief Executive Officer

By:_____
Kimberly Marshall
Vice President, Business Strategies & Solutions

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From: William Tan
To: Sarah Harris
Subject: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello
Date: Friday, July 07, 2017 10:10:38 AM

Hello Sarah,

I have cleaned up some of the language recording the meeting with Anthony and the solutions agreed upon. I hope this suits you.

Thanks,

Will

1.
Hello all,

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This term was included in the briefing note and lending directive to assist the Ministry of Finance in its decision to approve the order in council and directive for a total $2.475 billion credit facility limit.

In order to operate in a manner consistent with the terms approved by the Minister of Finance, IESO and OFA will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility. This approach avoids violating the terms at which the OIC and lending directive was approved while facilitating each part of the process.

Reducing the credit facility first, approach is based on the remote possibility of IESO exceeds the $475 million credit facility limit. Anthony has noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million, IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. Also, any amount exceeding $475 million before the existing credit facility is reduced, the result would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will

2.
Hello Anthony,

Thank you for your email. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Subject: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello
Date: Friday, July 07, 2017 10:10:38 AM

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Best regards,
Will
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Lisa Stein
To: William Tan; Sarah Harris
Cc: Caroline Swerdlyk
Subject: IESO agreements
Date: Friday, August 25, 2017 2:42:01 PM

Hi Sarah and Will,
Do you have an update on the IESO agreements? Are we still waiting for comments from the IESO? As you know, I will be away on vacation next week. Caroline has been briefed on this file and will be monitoring it in my absence.
Thank you,
Lisa

From: John Kim
To: Sarah Harris
Cc: Bruno Amara
Subject: IESO credit facility
Date: Tuesday, August 22, 2017 12:32:37 PM

Hi Sarah,
I know you have had the contact with Anthony at IESO. The alternate to our M is away until next week. Did I get the rationale for the urgency right if I say – IESO has some sort of credit agency meeting scheduled or have ongoing discussions as a rated entity?
John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: John Kim
To: Sarah Harris
Cc: Bruno Amara
Subject: IESO credit facility
Date: Tuesday, August 22, 2017 12:32:37 PM

Hi Sarah,
I know you have had the contact with Anthony at IESO. The alternate to our M is away until next week. Did I get the rationale for the urgency right if I say – IESO has some sort of credit agency meeting scheduled or have ongoing discussions as a rated entity?
John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

Subject: IESO
Date: Tuesday, June 27, 2017 11:49:57 AM

Hi Will,

In order to plan for execution of the new IESO credit facility, you'll need to ensure that you all the various pieces are in place before execution.

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	IESO_OFA Amendment No 10-rev LS.doc
Date:	Monday, June 26, 2017 5:23:31 PM
Attachments:	IESO_OFA Amendment No 10-rev LS.doc

Hi William,

The latest draft that you sent did not accurately reflect our discussion. I've made additional changes on the attached. Please ensure details are correct (e.g. dates). If you do not make further substantive changes I do not need to review this again.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**", the terms defined therein being used herein as therein defined");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to ~~CDN~~ $975,000,000 and the OPA issued a grid note dated ~~November 30, 2016~~

[insert 2005 date] to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ~~(the "Grid Note")~~;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the operating facility is ~~CDN~~ $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from ~~CDN~~ $975,000,000 to a principal amount of up to ~~CDN~~ $475,000,000;

Formatted: Highlight

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the ~~existing November 16, 2016~~grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Insert amount once determined

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to ~~CDN~~ $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: John Kim
To: Sarah Harris
Cc: Bruno Amara
Subject: Intercept provision
Date: Wednesday, August 16, 2017 11:43:05 AM

Hi Sarah,
I have a bit of a wrinkle….if you have the intercept provision, could you send to us?
Thanks,
John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	Sarah Neville
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; Sarah Harris; William Tan
Subject:	OFA Credit Facility to IESO - reduction from $975-$475
Date:	Tuesday, July 18, 2017 9:37:25 AM
Attachments:	RE IESO OFA new FH credit facility.msg

Hi Toby,

Hope you are having a good summer. Lisa is away and I am trying to move the IESO credit facility agreements forward in her absence. I understand that you have been involved in the new $2 billion line to fund the FHP. We are expecting feedback from IESO on that agreement in the next week or so, but in the meantime an issue has come up in respect of the "use of proceeds" under the other credit facility (the one being reduced to $475).

IESO has requested that the "use of proceeds" clauses in the Credit Facility be amended to simply permit borrowing for any purpose authorized by the Regulation. The IESO is currently using this line to fund FHP (which is permitted). In my view this would still be permitted under the reduced line even without the proposed change to the use of proceeds.

I am forwarding you an e-mail (attached) which includes what the ask is, the language in the current use of proceeds section, what the Regulation says and what the act permits. I am also forwarding (below in this e-mail) Sarah Harris' good summary of where all the loose ends have been tied up or remain loose. I realize you did not advise on this aspect of the FHP financing but I thought it might be prudent for you to be aware of this dynamic in the context of the $2billion line, in the event that what is being proposed is somehow problematic or inconsistent with what was envisioned/approved. I don't expect so, but want to make sure we are covering the basis.

Please let us know if you have any concerns or issues we should be aware of.

Thanks very much,

Sarah

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville ; William Tan
Subject: RE: IESO Directives

Hi Sarah (N) and Will,

I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.

From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.
2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing

facility, nor was any direction given on this matter.

If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.

I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,
Sarah H

From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 17, 2017 16:52:55

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are

determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was

important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From:	Sarah Neville
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; Sarah Harris; William Tan
Subject:	OFA Credit Facility to IESO - reduction from $975-$475
Date:	Tuesday, July 18, 2017 9:37:25 AM
Attachments:	RE IESO OFA new FH credit facility.msg

Hi Toby,

Hope you are having a good summer. Lisa is away and I am trying to move the IESO credit facility agreements forward in her absence. I understand that you have been involved in the new $2 billion line to fund the FHP. We are expecting feedback from IESO on that agreement in the next week or so, but in the meantime an issue has come up in respect of the "use of proceeds" under the other credit facility (the one being reduced to $475).

IESO has requested that the "use of proceeds" clauses in the Credit Facility be amended to simply permit borrowing for any purpose authorized by the Regulation. The IESO is currently using this line to fund FHP (which is permitted). In my view this would still be permitted under the reduced line even without the proposed change to the use of proceeds.

I am forwarding you an e-mail (attached) which includes what the ask is, the language in the current use of proceeds section, what the Regulation says and what the act permits. I am also forwarding (below in this e-mail) Sarah Harris' good summary of where all the loose ends have been tied up or remain loose. I realize you did not advise on this aspect of the FHP financing but I thought it might be prudent for you to be aware of this dynamic in the context of the $2billion line, in the event that what is being proposed is somehow problematic or inconsistent with what was envisioned/approved. I don't expect so, but want to make sure we are covering the basis.

Please let us know if you have any concerns or issues we should be aware of.

Thanks very much,

Sarah

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville ; William Tan
Subject: RE: IESO Directives

Hi Sarah (N) and Will,

I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.

From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.
2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing

facility, nor was any direction given on this matter.

If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.

I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,
Sarah H

From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 17, 2017 16:52:55

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are

determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was

important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Neville
To:	William Tan
Cc:	Sarah Harris; Lisa Stein
Subject:	OFA IESO Amending Agreement 10 (v2).docx
Date:	Thursday, July 20, 2017 5:02:31 PM
Attachments:	OFA IESO Amending Agreement 10 (v2).docx

HI Will – I have comments on the attached. I highlighted them with yellow because I think my changes get anonymized otherwise.

Please note that I have taken as a starting point for this review the draft you circulated on July 11 and identified in your e-mail on that date as the IESO's revised draft (the IESO Draft). I have assumed that the track changes in that draft were made by the IESO only and not changed by you (I note you did add comments, I am referring only to the drafting changes in the clauses themselves). If that assumption is wrong, don't even open this draft, if won't make sense.

I have compared your draft to the July 11 draft and put back in the IESO's language, accepted it where appropriate, and then overlaid the OFA's suggested additional changes where required. We can't send a document back that does not track all changes we made to the version the IESO sent us. The only exception to this is in paragraphs 2 and 3 which have been revised back to the OFA's original language. The comment boxes clearly inform the IESO that this has been done.

If my assumption with respect to the IESO Draft is correct, you can remove the highlighting from the document, leaving just the tracked changes and comments and send to IESO, if my assumption is wrong, please send me the version that the IESO sent us, and I will track in the required changes.

Please also note that I recommend deleting one of the comment boxes as in my view it is not relevant.

Please let me know if you have questions or would like to discuss.

Thanks very much,

Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO ~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or "IESO"~~,~~ (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total~~-~~ principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount ~~-~~of up to $475,000,000; and (ii) ~~to update the uses which IESO may make of the funds drawn under the facility~~ to amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

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Commented [A1]: ~~Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.~~ [Comment not needed. I accepted the changes that were in the IESO mark up because we are accepting them. Because you have now added the IESO amalgamation bullet before this recital we have defined the amalgamated entity already and the abbreviation can be used as stand alone again]

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Commented [A2]: Will – I put this back to the version from the IESO draft and then tracked in the changes we are proposing to make

2. On the date of this Amending Agreement and prior to any further Aadvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $114,383,131.40.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. DeleteSection 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows is deleted in its entirety and replaced by the following:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A3]: Agreed, subject to change.

Commented [A4]: Anthony,

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. The mark-up tracks changes to the OFA's original drafting.

Commented [A5]: Anthony,

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

Commented [A6]: Will – I put this back to the language in the IESO's mark up and then tracked in our new changes.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A7]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A8]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A9]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A10]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	Sarah Neville
To:	William Tan
Cc:	Gavin He; Shajee Kathirgamanathan; Sarah Harris
Subject:	OFA IESO Amending Agreement 10.docx
Date:	Thursday, July 20, 2017 1:01:09 PM
Attachments:	OFA IESO Amending Agreement 10.docx

Hi William – I have reviewed and made changes on the attached – I believe they should show up in purple.

I think, given the back and forth we have had on this, that there are lots of internal comments and discussion on the attached that we probably don't need to share with IESO. I would recommend you pull up the original mark-up you got from IESO and work from that. That way you can go back with a simple clean draft which accepts those changes we agree with and shows as further mark up only OFA's changes to IESO's draft and including only those comments required to explain our position to IESO (most notably where we are not accepting IESO's changes in paragraphs 2 and 3).

The alternative approach is to take the version we sent them and track in those changes we agree with from IESO's draft.

Please let me know if you have comments or would like to discuss any of my changes.

Thanks very much,

Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and ~~"), the OFA and~~ the OPA or Independent Electricity System Operator ("IESO") (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: I actually think this flows better here given the next bullet references the IESO but that is a questions of style and is not a legal comment

Commented [A5]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A6]: Agreed

Commented [A7]: Agree

Commented [A8]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount ~~principal amount~~ available under ~~of~~ the Credit Agreement ~~operating facility~~ from $975,000,000 to a total principal amont ~~principal amount~~ of up to $475,000,000; and (ii) to amend ~~update~~ the use of proceeds under~~s which IESO may make of the funds drawn under~~ the Credit Agreement~~facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $"~~$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of A~~a~~dvances O~~o~~utstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. ~~Delete~~ Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its enteirety and replaced by the following:~~and replace it as follows:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time and provided that Advances may be used only for liquity purposes."~~subject to the following conditions:~~

   ~~The proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and~~

Commented [A9]: Confirmed with Electricity Finance.

Commented [A10]: From a chronological perspective I suggest we move, down to this location.

Commented [A11]: See comment above. If this stays here I would amend to refer to the IESO

Commented [A12]: I would simply track the language in the relevant section below.

Commented [A13]: Confirmed with Electricity Finance.

Commented [A14]: This language should revert back. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Commented [A15]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A16]: Anthony,

~~Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.~~

Commented [A17]: ~~Fine~~ Not fine - this needs to go back to the original language because OFA won't cancel the existing Grid Note until we receive the new one.

Commented [A18]: William is the struck language here what the IESO suggested or is this us deleting our own subsequent additions?

Commented [A19]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A20]: William is this note staying in? It would seem no longer relevant?

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~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"~~

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A21]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A22]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A23]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A24]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A25]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A26]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx
Date:	Friday, August 18, 2017 2:35:29 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx

---

Latest black-lined version attached as discussed with Sarah.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS upon the request of the IESO, ~~and~~ the Parties~~the OFA~~ have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Neville
To:	William Tan
Cc:	Sarah Harris; Gavin He; Lisa Stein; Shajee Kathirgamanathan
Subject:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date:	Monday, July 24, 2017 9:58:21 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Importance:	High

Good morning Will,

Hope you had a nice weekend. Attached is the mark up of Amending Agreement No 10. I have accepted all changes on the IESO draft of July 7, with the exception of Paragraphs 2 & 3 which has been changed back to the OFA's original language. This is clearly noted in a comment box which should travel with the draft to IESO. Based on IESO's response on Friday, this should not be a controversial amendment.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Thanks very much and best regards,

Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
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Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx
Date:	Friday, August 18, 2017 2:44:08 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx
Importance:	High

Minor update as discussed with Sarah H. Please discard previous draft.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Graham Monroe; Tony Dong
Cc:	Bruno Amara; William Tan; Opal Kandelas; Ken Kandeepan
Subject:	OFA-IESO Credit Facilities
Date:	Tuesday, August 15, 2017 11:52:55 AM

Hello,

We are currently in the process of working on a new $2B OFA-IESO Credit Facility to provide funding in respect of the Ontario Fair Hydro Plan. Under this framework, the existing $975 million OFA-IESO Credit Facility is to be reduced to $475 million. Due to a required Ministerial approval, the new $2B facility will not be executed until mid-September (estimate).

Once the new $2B facility is in place, the OFA would be looking to re-allocate certain loans (TBD) from the existing $975M credit facility to the new $2B facility, in order to bring the existing facility under the new intended $475 million limit. Effectively, under the legal agreements, it would be transferring certain loans from the existing facility to the new facility. The intention is that there will be no movement of funds and therefore no cash impact (that is, IESO does not repay the existing loans, and the OFA does not fund the new loans).

Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?

Thanks,

Sarah

From:	Sarah Harris
To:	Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Graham Monroe; Tony Dong
Cc:	Bruno Amara; William Tan; Opal Kandelas; Ken Kandeepan
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Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility?

Thanks,

Sarah

From: William Tan
To: Sarah Harris; Salman Qadir; Lisa Stein
Subject: OFHP - June 28 meeting summary
Date: Monday, July 10, 2017 4:55:09 PM

Hello all,

Below is a number of topics discussed internally and eventually with Anthony of IESO.

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. (Update: First round of IESO draft comments for Amending Agreement 10 was received on July 7) As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1.

According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This information was included in the briefing material (LRC Approval Form) to assist the Ministry of Finance in its decision to approve the order in council and directive.

In order to proceed in a manner consistent with the FHP loan framework presented to the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new $2B FHP credit facility, with a combined limit of $2.475 B), IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility.

Reducing the $975M credit facility first mitigates, the possibility of IESO exceeding the $475 million revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement, IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does exceed $475 million before the existing credit facility is reduced, the remedy would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Neville; Sarah Harris; Lisa Stein
Subject:	OFHP OFA Prom note (draft)
Date:	Wednesday, August 30, 2017 1:47:06 PM
Attachments:	OFHP OFA borrow from Province, Prom Note v3.doc

Hello Caroline,

When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Wednesday, June 28, 2017 3:24 PM

To: William Tan

Subject: RE: OFHP OFA Prom note (draft)

Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)

Good morning Toby,

I updated the table only to be consistent with more recent precedent. Please review and comment.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 26, 2017 2:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,
Will

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Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

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Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From:	William Tan
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Cc:	Sarah Neville; Sarah Harris; Lisa Stein
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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From: Sarah Harris
To: William Tan
Subject: OIC for IESO - $2B - Filing scanned copy
Date: Wednesday, July 19, 2017 10:31:40 AM

Hi Will,

Could you please file scan a copy of the new $2B OIC underpinning the new IESO credit facility, and in the following directory (under the correct category). You'll need to update the index as well.

Z:\Users\CMB\Documentation\OICs\Scanned Copies of OICs

Thanks,

Sarah

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Sarah

From:	Sarah Harris
To:	Opal Kandelas
Subject:	OPG blurb
Date:	Tuesday, July 04, 2017 4:01:43 PM

OPG-OEFC Credit Facility

Purpose: General Corporate Purposes and Darlington requirements

Current Limit: CAD 700M to December 31, 2017

Amendment:

- Increase to CAD 2.35B to December 31, 2018
- Amend definition of Base Rate to more closely relate to hedging that is done for the borrowing.
- Additional proposed amendment by OPG (being considered internally in OFA) to amend definition of S*ubsidiary* to exclude "any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario). The entity needs to be legally separated from OPG and be a single purpose entity for the FHP to work (see the information that Ryan and Kelly put together earlier).

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From:	William Tan
To:	Sarah Harris
Subject:	Operational Challenge and Solution IESO OFA
Date:	Thursday, June 29, 2017 2:34:13 PM
Attachments:	RE IESO OFA new FH credit facility.msg RE IESO OFA new FH credit facility.msg

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Hello Sarah,

I've recorded our conversation with Salman, Lisa and Anthony. Do you mind taking a quick look that this email is sufficiently captures our conversation before I send it to Lisa and Salman?
Thanks,

Will

-

Hello all,

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Issue:

IESO will not have completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. As a result, the new and existing credit facilities will not be set-up in time of the targeted set-up date of July 1. According to Anthony Martinello (IESO) their legal department have a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility as Regulated Price Plan (RPP) (FHP related financing) and does not plan to exceed $475 million.

OFA concerns:
If the existing credit facility is fully utilized up to its limit of $975 million and the $2 Billion credit facility is approved the potential **operational challenges** are as follows:

1. Reducing the existing credit facility down to $475 million with an outstanding balance of $975 million.
2. Logistical and procedural issue of repayment of the outstanding balance before the advancement of funds under the new credit facility (potentially an overlap of credit availability of $500 million).

Solution:

To assist OFA in its operational concerns, Anthony Martinello has agreed to deliver the executed Amending Agreement 10, to reduce the credit facility from $975 million down to $475 million. (He would utilize his other credit facility at TD bank instead if necessary). He also agreed, in the event IESO borrows more than $475 million before the existing credit facility is reduced, the result would be to reduce the $ 2 Billion credit facility by the same amount.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 10:12:15

Hi William,

Is Sarah available as well? Perhaps we should all discuss.

Lisa

From: William Tan
Sent: Wednesday, June 28, 2017 9:59 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,

Please call me to discuss this when you have a moment.

Thanks,

Will

From: Salman Qadir
Sent: Wednesday, June 28, 2017 8:59 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility

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When the new one is ready, we would move over any drawdowns related to FHP to the new facility.

Reducing the $975 to $475 before the new one is in effect would not work for IESO.

Regards,
Salman

On Jun 27, 2017, at 10:52 PM, William Tan <William.Tan@ofina.on.ca> wrote:

Hello Anthony,

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From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

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Thanks,

Will

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Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Have a great weekend.

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Hello Anthony,

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Thanks,

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To: William Tan <William.Tan@ofina.on.ca>
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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
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Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

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Subject: RE: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 12:35:18

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Date: Thursday, June 29, 2017 2:34:13 PM
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From:	Lisa Stein
To:	Bruno Amara; John Kim
Cc:	William Tan; Sarah Harris; Sarah Neville; Jean-Francois Beaupre
Subject:	Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 2:35:44 PM
Importance:	High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****

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From:	Lisa Stein
To:	Bruno Amara; John Kim
Cc:	William Tan; Sarah Harris; Sarah Neville; Jean-Francois Beaupre
Subject:	Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 2:35:44 PM
Importance:	High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

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From: William Tan
To: Sarah Harris
Subject: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 5:37:14 PM

Hello Sarah, please see my draft email to Ken.

Hello Ken,

Please find the draft email to request for additional information. We are looking to you and/or Mike to provide a decision on whether this should be an unsecured credit facility. We want to ensure that we are asking all the essential questions and obtaining all the appropriate information required for you to make such a decision. Does this draft email contain the appropriate questions and are they are these questions sufficiently robust.

Dear Anthony,

My apologies for the delay in returning the FHP Credit Facility Agreement. We encountered a delay in relation to a OFA compliance security provision. It would be helpful if you could answered the following questions:

1. Does IESO have other financial obligations such as but not limited to swap agreements, other financial obligations etc . that could become due or provide additional credit risk?
2. Does IESO have any other financial obligations or security interest that could attach to the Regulator Asset/Special Purpose Vehicle?

Thanks,

Will

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara
Cc: Sarah Harris ; Lisa Stein ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

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has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High
Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the*

IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or

liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Lisa Stein
To: William Tan; Sarah Harris
Cc: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 10:08:55 AM
Importance: High

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Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the*

IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or

liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: William Tan
To: Anthony Martinello; "Victor Buza"
Cc: Jean-Francois Beaupre; Kelly Listoe; Sarah Harris; Bruno Amara; Gavin He; Lisa Stein
Subject: Proposed Timeline
Date: Monday, July 24, 2017 2:30:54 PM

Hello Anthony and Victor,

I want to share my proposed timeline with you. I've created this for planning purposes and for managing our own schedules. According to Anthony's email below, we hope to have the $2 billion credit facility set up by mid-August. I'm trying to be aggressive with my time line to account for any time slippage.
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	Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	

Thanks,

Will

From: William Tan
Sent: Monday, July 24, 2017 2:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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From: Lisa Stein
Sent: Monday, July 24, 2017 2:06 PM
To: William Tan <William.Tan@ofina.on.ca>
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

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Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
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From:	William Tan
To:	Salman Qadir; Bruno Amara; John Kim
Cc:	Sarah Harris
Subject:	Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Tuesday, July 11, 2017 7:24:43 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Origina....docx

Hello Salman, Bruno and John,

We have received a proposed change with respect to the existing IESO OFA Credit Facility under Amending Agreement 10. Attached is IESO's comments to change "Use of Proceeds":

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).

2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Below is a table comparing IESO's proposed changes and Documentation's recommended changes. Gentlemen, please provide your approval/thoughts to the proposed changes for the "Use of Proceeds".

Comparison Table: IESO OFA Amending Agreement 10 Credit Facility

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

administration of the OFHP. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

Formatted: Font: Bold

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Salman Qadir; Bruno Amara; John Kim
Cc:	Sarah Harris
Subject:	Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Tuesday, July 11, 2017 6:35:57 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Origina....docx

Hello Salman, Bruno and John,

We have received a proposed change with respect to the existing IESO OFA Credit Facility under Amending Agreement 10. Attached is IESO's comments to change "Use of Proceeds" (page 2, section 4). Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements.

Below is a table comparing IESO's proposed changes and Documentation's recommended changes. Gentlemen, please provide your approval/thoughts to the proposed changes for the "Use of Proceeds".

Comparison Table: IESO OFA Amending Agreement 10 Credit Facility

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

	than 12 months from the date of such Advance."	

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

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Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Salman Qadir; Bruno Amara; John Kim
Cc:	Sarah Harris
Subject:	Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Tuesday, July 11, 2017 6:35:57 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Origina....docx

Hello Salman, Bruno and John,

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	than 12 months from the date of such Advance."	

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Salman Qadir; Bruno Amara; John Kim
Cc:	Sarah Harris
Subject:	Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Tuesday, July 11, 2017 7:24:43 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Origina....docx

Hello Salman, Bruno and John,

We have received a proposed change with respect to the existing IESO OFA Credit Facility under Amending Agreement 10. Attached is IESO's comments to change "Use of Proceeds":

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).

2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Below is a table comparing IESO's proposed changes and Documentation's recommended changes. Gentlemen, please provide your approval/thoughts to the proposed changes for the "Use of Proceeds".

Comparison Table: IESO OFA Amending Agreement 10 Credit Facility

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

administration of the OFHP. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	Anna Strathy
Cc:	Bruno Amara; Lisa Stein; William Tan; John Kim
Subject:	Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 2:29:42 PM
Attachments:	OFA Lending Policy Final (April 16 2010).pdf

Hi Anna,

As discussed, we are looking to have directive signed by the Minister, but you had mentioned the Head of Treasury Board may be able to sign as the Minister's delegate?

The nature of the directive is to obtain approval for an exemption from the inclusion of a security provision in an OFA credit facility agreement under the OFA Lending Policy.

The OFA Lending Policy (attached, see p. 5 of 7 of the. pdf, "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the **Minister, Cabinet or Treasury Board.**

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

The Legislature appropriates no funds for the IESO, since the IESO is ratepayer-funded. It therefore makes no sense to include this provision and we are looking for a direction for an exemption in this regard.

Thanks,

Sarah

OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From:	Bruno Amara
To:	Sarah Harris; Lisa Stein; William Tan
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject:	Questions re Intercept Provision
Date:	Monday, August 14, 2017 10:51:26 AM

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end.
2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

    1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling.

Thanks

Bruno

From: Sarah Harris

Sent: Thursday, August 10, 2017 11:56 AM

To: Ken Kandeepan

Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements,*

other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?

- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield

(MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss

further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements

have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap

agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Bruno Amara
To: Sarah Harris; Lisa Stein; William Tan
Cc: Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject: Questions re Intercept Provision
Date: Monday, August 14, 2017 10:51:26 AM

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

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3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling.

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

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Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that

would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take

security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca

Phone: 416-325-1456

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From:	Hanslep, Malle (MOF)
To:	John Kim; Lisa Stein
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:04:11 PM

Hi John,
Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 10:28 AM
To: Stein, Lisa (OFA); Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Ok, great. Thanks Lisa, Malle.

From: Lisa Stein
Sent: Friday, August 18, 2017 9:59 AM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Hi John,
I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.
Thank you,
Lisa

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Hi Malle, Lisa,
Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.
Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.
I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.
Thanks,
John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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****

From:	John Kim
To:	Malle Hanslep (MOF); Lisa Stein
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 7:51:59 PM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v9.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: August-17-17 2:02 PM

To: Lisa Stein ; John Kim

Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell

Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

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\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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OFA -- IESO CREDIT FACILITY ~~IES~~MINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

BACKGROUND

The Independent Electricity System Operator ("IESO") requested a revolving credit facility ("the credit facility") in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

On June 29, 2017, the OFA received ~~a~~ l~~L~~ending d~~D~~irective from the Minister of Finance to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the ~~OFA~~Minister of Finance to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an ~~from the i~~Intercept p~~P~~rovision ~~both~~ in ~~its OFHP Credit Facility~~ the credit facility agreement with the IESO and the reduced $475 million credit facility ~~the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility~~. [The existing $975 million credit facility is requested to be reduced to $475 million, in connection with the newly requested $2 billion credit facility.]

- ~~Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.~~

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to provide th~~ese~~ requested credit facilities~~ies~~ to the IESO without the inclusion of an ~~an I~~intercept provision in the loan agreement~~under the OFA Lending Policy~~.

- The requested Intercept Exemption Directive would only apply to the two specified credit facilities.

CONSIDERATIONS

Commented [LS1]: After discussion with Ken Russell, we think the directive should be limited to the new credit facility agreement.

Commented [SK82R1]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK3R1]: A business decision – which I am sure ADM/CEO would support

- ~~This The OFHP Credit Facility~~This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the ~~Fair Hydro Plan~~OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility [to be amended from the current $975 million facility].

- ~~Under T~~the OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA~~, the following is provided for~~:

  ~~"~~Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.~~"~~

- The ~~intercept in the~~ OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RATIONALE FOR EXEMPTION

- ~~An~~ Including an i~~I~~ntercept p~~P~~rovision in the ~~new OFHP Credit Facility~~ credit facilities agreement with the IESO would have no practical usefulness in the case of the IESO as it receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the two ~~new two revolving~~ credit facilities~~y~~~~ies~~ ~~agreement~~ with ~~to~~ the IESO [per the Minister's Directive signed on June 29, 2017] from inclusion of an intercept provision, as required by the OFA Lending Policy. ~~Intercept provision under the OFA Lending Policy.~~

Commented [LS4]: This is not a defined term.

Commented [LS5]: Is this even a possibility? I thought there were no funds to intercept.

Commented [SK86R5]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

Just want to explain here the intent of the policy isn't to claw back/intercept payments specifically designed to assist electricity ratepayers for which the IESO is a conduit.

Commented [JK7R5]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

- ~~[The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]~~

Commented [SK88]: This is to ensure both the 2B and 475M credit facilities are covered.

Commented [LS9]: See earlier comment

Commented [SK810R9]: Bullet above modified to include both facilities.

Commented [JK11R9]: To proceed with the Intercept Exemption Directive for the two facilities only.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of ~~not~~ having ~~an~~the ~~i~~Intercept Exemption ~~p~~Provision.]

Commented [RK12]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

From:	John Kim
To:	Malle Hanslep (MOF); Lisa Stein
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 7:51:59 PM
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Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: August-17-17 2:02 PM

To: Lisa Stein ; John Kim

Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell

Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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OFA -- IESO CREDIT FACILITY ~~IES~~MINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

BACKGROUND

The Independent Electricity System Operator ("IESO") requested a revolving credit facility ("the credit facility") in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

On June 29, 2017, the OFA received ~~a~~ l~~L~~ending d~~D~~irective from the Minister of Finance to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the ~~OFA~~Minister of Finance to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an ~~from the i~~Intercept p~~P~~rovision ~~both~~ in ~~its OFHP Credit Facility~~ the credit facility agreement with the IESO and the reduced $475 million credit facility ~~the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility~~. [The existing $975 million credit facility is requested to be reduced to $475 million, in connection with the newly requested $2 billion credit facility.]

- ~~Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.~~

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to provide th~~ese~~ requested credit facilities~~ies~~ to the IESO without the inclusion of an ~~an I~~intercept provision in the loan agreement~~under the OFA Lending Policy~~.

- The requested Intercept Exemption Directive would only apply to the two specified credit facilities.

CONSIDERATIONS

Commented [LS1]: After discussion with Ken Russell, we think the directive should be limited to the new credit facility agreement.

Commented [SK82R1]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK3R1]: A business decision – which I am sure ADM/CEO would support

- ~~This The OFHP Credit Facility~~This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the ~~Fair Hydro Plan~~OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility [to be amended from the current $975 million facility].

- ~~Under T~~the OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA~~, the following is provided for~~:

  ~~"~~Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.~~"~~

- The ~~intercept in the~~ OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RATIONALE FOR EXEMPTION

- ~~An~~ Including an i~~I~~ntercept p~~P~~rovision in the ~~new OFHP Credit Facility~~ credit facilities agreement with the IESO would have no practical usefulness in the case of the IESO as it receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the two ~~new two revolving~~ credit facilities~~y~~~~ies~~ ~~agreement~~ with ~~to~~ the IESO [per the Minister's Directive signed on June 29, 2017] from inclusion of an intercept provision, as required by the OFA Lending Policy. ~~Intercept provision under the OFA Lending Policy.~~

Commented [LS4]: This is not a defined term.

Commented [LS5]: Is this even a possibility? I thought there were no funds to intercept.

Commented [SK86R5]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

Just want to explain here the intent of the policy isn't to claw back/intercept payments specifically designed to assist electricity ratepayers for which the IESO is a conduit.

Commented [JK7R5]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

- ~~[The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]~~

Commented [SK88]: This is to ensure both the 2B and 475M credit facilities are covered.

Commented [LS9]: See earlier comment

Commented [SK810R9]: Bullet above modified to include both facilities.

Commented [JK11R9]: To proceed with the Intercept Exemption Directive for the two facilities only.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of ~~not~~ having ~~an~~the ~~i~~Intercept Exemption ~~p~~Provision.]

Commented [RK12]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

From:	Lisa Stein
To:	John Kim
Cc:	Malle Hanslep (MOF); Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 2:45:31 PM

I will call you to discuss

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Date:	Friday, August 18, 2017 10:28:22 AM

Ok, great. Thanks Lisa, Malle.

From: Lisa Stein
Sent: Friday, August 18, 2017 9:59 AM
To: John Kim ; Malle Hanslep (MOF)
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416-325-2320

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To:	John Kim; Malle Hanslep (MOF)
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 9:59:07 AM

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Sent: Thursday, August 17, 2017 7:52 PM

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Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell ; Bruno Amara ; Shajee Kathirgamanathan

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OFA LENDING POLICY:
FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

SCOPE

- This policy addresses lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS and EXCEPTIONS

- Any amendment or exception to this policy must be approved by the OFA Board of Directors.

POLICY RULES

1. Role of OFA as a Lending Intermediary

a. The OFA will not lend funds to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board.

b. The OFA will advance loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan.

c. The OFA will not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

2. OFA Loan Approvals

a. The OFA shall annually approve a borrowing plan for the OFA that identifies:

(i) the OFA's borrowing requirements for the year from the Province and any other sources; and

(ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

b. Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

c. Where the Province has approved the provision of Provincial financial support to a public body, but has not specifically referred to a role for the OFA, the OFA will advance the loan only where:

(i) either the Chief Executive Officer of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

(ii) there is a sufficient allocation for the loan (specifically or as a contingency allocation) in the annual borrowing plan for the OFA approved by the Board.

d. The Board will be advised, at its next regularly scheduled meeting, of any potential or actual deviations from the annual borrowing plan resulting from a loan referred to in paragraph 2(b).

3. OFA Loan Terms and Conditions

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA will adhere to the lending terms and conditions outlined in the Appendix.

4. OFA Loan Reporting Requirements

a. A report outlining the status of all loans outstanding will be tabled with the OFA Board annually and at such other times as the OFA Board requests.

b. For each loan outstanding, such report will identify: the borrower; the authority under which the loan was advanced; the purpose of the loan; the current status of the loan; the principal amount outstanding; the major terms and conditions; and such other information as the OFA Board may request.

SCOPE

- These policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

INTRODUCTION

- The OFA lending policies address the following matters related to loan terms and conditions:

  - conditions precedent
  - advances
  - repayments
  - interest rate
  - loan security

- Since these policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province, they are designed to be consistent with the public policy or economic rationale for the provision of Provincial financial support. In addition, they match commercial lending policies where that is advantageous to the Province.

OFA LOAN TERMS and CONDITIONS

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA should adhere to the lending terms and conditions described in this Appendix.

CONDITIONS PRECEDENT

Commercial Standard

- Prior to making a loan, a commercial lender would ensure that the borrower had sufficient authority to execute the loan.

- Generally, an entity's authority to enter a loan may be determined by a review of its enabling legislation, by-laws and resolutions of its Board of Directors.

Provincial Public Policy or Economic Considerations

- Unlike a commercial lender, the OFA can only lend to public bodies.

- Public bodies are defined in subsection 29(1) of the *Capital Investment Plan Act, 1993* and include scheduled Crown Agencies, colleges and universities, hospitals, municipalities and school boards and an entity included in regulations to the Act.

OFA Lending Policy Rule: Conditions Precedent

1. Prior to lending funds, the OFA will ensure that the borrower is a public body, has the authority to borrow and the Province has agreed to provide it with the requested financial support.

ADVANCES

Commercial Standard

- Loan advances over a number of months and years may be required to finance the development cost for a project. A loan agreement may provide for interest costs to be capitalized during a project development period followed by a term loan to take-out the total capitalized cost of the project. Alternatively, a single loan advance may be required to finance the acquisition of an asset.

- Where a commercial lender is making a secured project loan, it may seek evidence that loan advances are applied to legitimate project expenditures and that the total cost to complete the project have not increased. The lender would generally have the right to take significant action in the event that the borrower did not fulfill its loan obligations.

- Where a commercial lender is making an unsecured loan, such as a revolving line of credit, it is generally less interested in monitoring how the borrower is utilizing the funds because it expects the borrower to be able to repay the loan from its general revenues.

Provincial Public Policy or Economic Considerations

- Where the Province has used the OFA to provide financing to Crown Agents such as the Ontario Transportation Capital Corporation or the Metro Toronto Convention Centre for projects, the Province has continued to rely on the borrowing agency for overall project management. Because the borrowing agency is accountable to the Province, through its Board of Directors, for the prudent management of its expenditures the OFA is not required to monitor the application of funds.

- If the government directed the OFA to provide project financing to Other Public Bodies, it is expected that the OFA should manage such loans in the same manner as would a commercial lender. In this respect, the OFA would need to take adequate steps to ensure the funds were used for the intended purpose and that the project was well managed. The OFA does not currently have the expertise or human resources to provide project financing.

OFA Lending Policy Rule: Advances

1. For loans to Crown Agencies, the OFA will make advances as requested by the borrower pursuant to a loan agreement. The OFA will not monitor the application of funds by the Crown Agency.

2. For loans to Other Public Bodies, the OFA will seek evidence of project costs incurred and project cost to completion prior to making any advance in the same manner as a commercial lender except that, where the Province or one of its agents (ie. ORC) is the project manager, the OFA will make advances as authorized by the borrower and approved by the project manager.

REPAYMENTS

Commercial Standard

- A loan agreement may provide for the loan to be repaid: in a lump sum payment of principal and interest (ie. a zero coupon); on demand by the lender; in periodic payments of principal and interest (ie. an amortizing loan); in periodic payments of interest with bullet payments of interest (ie. a bullet bond or serial debenture): or repaid early by the borrower in whole or in part.

- In a secured loan, the term would generally not exceed the economic life of the asset being financed and may be significantly shorter.

- Some loans provide authority for the borrower to prepay all or a portion of the loan prior to maturity. Prepayment provisions can reduce the value of the loan to the lender because the borrower can, for example, prepay the loan when interest rates decline. A commercial lender would charge for such an option.

- Bank loans generally have a term of not longer than 7 years whereas debt issued in capital markets could have a term of up to 30 years or more.

OFA Lending Policy Rule: Repayments

1. OFA loans to Crown Agencies will have a term not longer than the economic life of the asset being financed and 30 years, whichever is less.

2. OFA loans to Other Public Bodies will have a term not longer than the least of: (a) the economic life of the asset being financed; (b) the term available to the borrower from commercial lenders or in the capital markets; and (c) 30 years.

3. All OFA loans will have a fixed repayment or review date (ie. subject only to early repayment where permitted).

INTEREST RATE

Commercial Standard

- The interest rate on a commercial loan is generally based on the credit worthiness of the borrower and interest rates available in the market.

Provincial Public Policy or Economic Considerations

- The OFA's current practice is to lend to public bodies at the Province's cost of funds, including commissions, plus 25 basis points. In most cases this results in a cost of funds to the public body substantially lower than bank funding.
    - For example, in a demand bank loan a public body would pay an interest rate of roughly 75 to 125 basis points above the Province's cost of funds (eg. Prime minus 50 bp compared to the yield on a 3 month Ontario Treasury-bill) even with an explicit Provincial guarantee.
- Over the past several decades the Office of the Treasury (ie. Predecessor to OFA corporate) has held the view that the Province should recover its full cost of debt service in respect of lending activities. If the lending rate is below the Province's cost of funds then the cost of debt service would be allocated to PDI expense instead of to the respective government program sponsoring the lending activity. The Office of the Treasury established the practice of adding 25 basis points to the Province's cost of funds (excluding commissions because it predated the Province's borrowing in capital markets), for lending activities to meet this objective. Under this policy the Province will continue to earn the same mark-up (ie. 25 basis points above the Province's cost of funds, including dealer commissions).
- The OFA could set the interest rate on loans to public bodies at the cost of funds to the public body without Provincial support (ie. Commercial interest rate).
    - For loans to Crown Agencies (ie. Related parties) there is no economic benefit to the Province for the OFA to charge a commercial rate of interest.

- While charging a commercial interest rate to Other Public Bodies (ie. Non-related parties) could provide an economic benefit to the Province, it would likely be inconsistent with the public policy rationale for providing Provincial financial support to the borrower (eg. would be contrary to the intent of reducing a public body's borrowing costs).

– Establishing a commercial rate of interest would result in additional credit assessment costs.

- The approved OFA accounting policy is to eliminate, from its audited financial statements, all lending transactions with public bodies in which the OFA acts as an intermediary for the Province. In order to be consistent with the OFA's accounting policy, the rate of interest on OFA loans due to the Province will match the rate of interest on its loans receivable from public bodies.

OFA Lending Policy Rule: Interest Rate

1. The interest rate on loans from the OFA will be equal to the Province's cost of funds, including commissions, for a borrowing of equivalent duration, plus 25 basis points.

2. Any options for the borrower to prepay the loan, in whole or in part, will be added to the interest rate cost of the loan.

3. The OFA will match the rate of interest on its loans due to the Province with the rate of interest on its loans receivable from public bodies.

LOAN SECURITY

Commercial Standard

- It is common for commercial lenders to seek security for a loan. Security may be in the form of bankers' acceptances, a mortgage, a lien on personal property. The costs associated with obtaining security for a loan, such as registering a mortgage, are generally paid for by the borrower.

- A loan agreement may include the requirement for the borrower to maintain certain performance financial ratios or debt reserves. In such cases, the lender needs to establish appropriate compliance controls and take action if the borrower does not comply.

Provincial Public Policy or Economic Considerations

- In some cases it is not clear that a lender could, in the event of a default, realize the security in a loan to certain public bodies. For example:

  - Under the *Municipal Act*, municipalities do not have the explicit authority to mortgage their real property.
  - Under the *Proceedings Against the Crown Act*, there may be restrictions on the ability of a lender to seize property belonging to a Crown Agency.

- The Province could seek an intercept of any Provincial grants payable to a public body as additional security for a loan. While there is no precedent for executing such an intercept, it is likely that considerable pressure would be exerted to prevent the Province from intercepting Provincial revenues. Alternatively, the Province could request that should the public body default on its loan the responsible Ministry would repay the loan from within its allocation.

- It is unlikely that the Province would benefit from the OFA seeking to enforce a security interest against another Crown Agency. If a Crown Agency defaulted on a loan from the OFA, the Province could resolve the matter.

OFA Lending Policy Rule: Loan Security

1. For loans to Crown Agencies, the OFA will lend on an unsecured basis, unless there is an economic benefit to the Province of the OFA obtaining loan security.

2. For loans to Other Public Bodies, the OFA will require the same level of loan security as would a commercial lender. This is a matter of judgement and will be evaluated on a case by case basis.

3. For loans to Other Public Bodies, the OFA will obtain an intercept of any Provincial grants or rebates receivable by the borrower as loan security, in addition to the security provided by rule 2.

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To: Malle Hanslep (MOF) ; Lisa Stein
Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell ; Bruno Amara ; Shajee Kathirgamanathan
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended

recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

OFA LENDING POLICY:
FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

SCOPE

- This policy addresses lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS and EXCEPTIONS

- Any amendment or exception to this policy must be approved by the OFA Board of Directors.

POLICY RULES

1. Role of OFA as a Lending Intermediary

a. The OFA will not lend funds to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board.

b. The OFA will advance loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan.

c. The OFA will not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

2. OFA Loan Approvals

a. The OFA shall annually approve a borrowing plan for the OFA that identifies:

(i) the OFA's borrowing requirements for the year from the Province and any other sources; and

(ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

b. Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

c. Where the Province has approved the provision of Provincial financial support to a public body, but has not specifically referred to a role for the OFA, the OFA will advance the loan only where:

(i) either the Chief Executive Officer of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

(ii) there is a sufficient allocation for the loan (specifically or as a contingency allocation) in the annual borrowing plan for the OFA approved by the Board.

d. The Board will be advised, at its next regularly scheduled meeting, of any potential or actual deviations from the annual borrowing plan resulting from a loan referred to in paragraph 2(b).

3. OFA Loan Terms and Conditions

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA will adhere to the lending terms and conditions outlined in the Appendix.

4. OFA Loan Reporting Requirements

a. A report outlining the status of all loans outstanding will be tabled with the OFA Board annually and at such other times as the OFA Board requests.

b. For each loan outstanding, such report will identify: the borrower; the authority under which the loan was advanced; the purpose of the loan; the current status of the loan; the principal amount outstanding; the major terms and conditions; and such other information as the OFA Board may request.

SCOPE

- These policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

INTRODUCTION

- The OFA lending policies address the following matters related to loan terms and conditions:

  - conditions precedent
  - advances
  - repayments
  - interest rate
  - loan security

- Since these policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province, they are designed to be consistent with the public policy or economic rationale for the provision of Provincial financial support. In addition, they match commercial lending policies where that is advantageous to the Province.

OFA LOAN TERMS and CONDITIONS

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA should adhere to the lending terms and conditions described in this Appendix.

CONDITIONS PRECEDENT

Commercial Standard

- Prior to making a loan, a commercial lender would ensure that the borrower had sufficient authority to execute the loan.

- Generally, an entity's authority to enter a loan may be determined by a review of its enabling legislation, by-laws and resolutions of its Board of Directors.

Provincial Public Policy or Economic Considerations

- Unlike a commercial lender, the OFA can only lend to public bodies.

- Public bodies are defined in subsection 29(1) of the *Capital Investment Plan Act, 1993* and include scheduled Crown Agencies, colleges and universities, hospitals, municipalities and school boards and an entity included in regulations to the Act.

OFA Lending Policy Rule: Conditions Precedent

1. Prior to lending funds, the OFA will ensure that the borrower is a public body, has the authority to borrow and the Province has agreed to provide it with the requested financial support.

ADVANCES

Commercial Standard

- Loan advances over a number of months and years may be required to finance the development cost for a project. A loan agreement may provide for interest costs to be capitalized during a project development period followed by a term loan to take-out the total capitalized cost of the project. Alternatively, a single loan advance may be required to finance the acquisition of an asset.

- Where a commercial lender is making a secured project loan, it may seek evidence that loan advances are applied to legitimate project expenditures and that the total cost to complete the project have not increased. The lender would generally have the right to take significant action in the event that the borrower did not fulfill its loan obligations.

- Where a commercial lender is making an unsecured loan, such as a revolving line of credit, it is generally less interested in monitoring how the borrower is utilizing the funds because it expects the borrower to be able to repay the loan from its general revenues.

Provincial Public Policy or Economic Considerations

- Where the Province has used the OFA to provide financing to Crown Agents such as the Ontario Transportation Capital Corporation or the Metro Toronto Convention Centre for projects, the Province has continued to rely on the borrowing agency for overall project management. Because the borrowing agency is accountable to the Province, through its Board of Directors, for the prudent management of its expenditures the OFA is not required to monitor the application of funds.

- If the government directed the OFA to provide project financing to Other Public Bodies, it is expected that the OFA should manage such loans in the same manner as would a commercial lender. In this respect, the OFA would need to take adequate steps to ensure the funds were used for the intended purpose and that the project was well managed. The OFA does not currently have the expertise or human resources to provide project financing.

OFA Lending Policy Rule: Advances

1. For loans to Crown Agencies, the OFA will make advances as requested by the borrower pursuant to a loan agreement. The OFA will not monitor the application of funds by the Crown Agency.

2. For loans to Other Public Bodies, the OFA will seek evidence of project costs incurred and project cost to completion prior to making any advance in the same manner as a commercial lender except that, where the Province or one of its agents (ie. ORC) is the project manager, the OFA will make advances as authorized by the borrower and approved by the project manager.

REPAYMENTS

Commercial Standard

- A loan agreement may provide for the loan to be repaid: in a lump sum payment of principal and interest (ie. a zero coupon); on demand by the lender; in periodic payments of principal and interest (ie. an amortizing loan); in periodic payments of interest with bullet payments of interest (ie. a bullet bond or serial debenture): or repaid early by the borrower in whole or in part.

- In a secured loan, the term would generally not exceed the economic life of the asset being financed and may be significantly shorter.

- Some loans provide authority for the borrower to prepay all or a portion of the loan prior to maturity. Prepayment provisions can reduce the value of the loan to the lender because the borrower can, for example, prepay the loan when interest rates decline. A commercial lender would charge for such an option.

- Bank loans generally have a term of not longer than 7 years whereas debt issued in capital markets could have a term of up to 30 years or more.

OFA Lending Policy Rule: Repayments

1. OFA loans to Crown Agencies will have a term not longer than the economic life of the asset being financed and 30 years, whichever is less.

2. OFA loans to Other Public Bodies will have a term not longer than the least of: (a) the economic life of the asset being financed; (b) the term available to the borrower from commercial lenders or in the capital markets; and (c) 30 years.

3. All OFA loans will have a fixed repayment or review date (ie. subject only to early repayment where permitted).

INTEREST RATE

Commercial Standard

- The interest rate on a commercial loan is generally based on the credit worthiness of the borrower and interest rates available in the market.

Provincial Public Policy or Economic Considerations

- The OFA's current practice is to lend to public bodies at the Province's cost of funds, including commissions, plus 25 basis points. In most cases this results in a cost of funds to the public body substantially lower than bank funding.
    - For example, in a demand bank loan a public body would pay an interest rate of roughly 75 to 125 basis points above the Province's cost of funds (eg. Prime minus 50 bp compared to the yield on a 3 month Ontario Treasury-bill) even with an explicit Provincial guarantee.
- Over the past several decades the Office of the Treasury (ie. Predecessor to OFA corporate) has held the view that the Province should recover its full cost of debt service in respect of lending activities. If the lending rate is below the Province's cost of funds then the cost of debt service would be allocated to PDI expense instead of to the respective government program sponsoring the lending activity. The Office of the Treasury established the practice of adding 25 basis points to the Province's cost of funds (excluding commissions because it predated the Province's borrowing in capital markets), for lending activities to meet this objective. Under this policy the Province will continue to earn the same mark-up (ie. 25 basis points above the Province's cost of funds, including dealer commissions).
- The OFA could set the interest rate on loans to public bodies at the cost of funds to the public body without Provincial support (ie. Commercial interest rate).
    - For loans to Crown Agencies (ie. Related parties) there is no economic benefit to the Province for the OFA to charge a commercial rate of interest.

- While charging a commercial interest rate to Other Public Bodies (ie. Non-related parties) could provide an economic benefit to the Province, it would likely be inconsistent with the public policy rationale for providing Provincial financial support to the borrower (eg. would be contrary to the intent of reducing a public body's borrowing costs).

– Establishing a commercial rate of interest would result in additional credit assessment costs.

- The approved OFA accounting policy is to eliminate, from its audited financial statements, all lending transactions with public bodies in which the OFA acts as an intermediary for the Province. In order to be consistent with the OFA's accounting policy, the rate of interest on OFA loans due to the Province will match the rate of interest on its loans receivable from public bodies.

OFA Lending Policy Rule: Interest Rate

1. The interest rate on loans from the OFA will be equal to the Province's cost of funds, including commissions, for a borrowing of equivalent duration, plus 25 basis points.

2. Any options for the borrower to prepay the loan, in whole or in part, will be added to the interest rate cost of the loan.

3. The OFA will match the rate of interest on its loans due to the Province with the rate of interest on its loans receivable from public bodies.

LOAN SECURITY

Commercial Standard

- It is common for commercial lenders to seek security for a loan. Security may be in the form of bankers' acceptances, a mortgage, a lien on personal property. The costs associated with obtaining security for a loan, such as registering a mortgage, are generally paid for by the borrower.

- A loan agreement may include the requirement for the borrower to maintain certain performance financial ratios or debt reserves. In such cases, the lender needs to establish appropriate compliance controls and take action if the borrower does not comply.

Provincial Public Policy or Economic Considerations

- In some cases it is not clear that a lender could, in the event of a default, realize the security in a loan to certain public bodies. For example:

  - Under the *Municipal Act*, municipalities do not have the explicit authority to mortgage their real property.
  - Under the *Proceedings Against the Crown Act*, there may be restrictions on the ability of a lender to seize property belonging to a Crown Agency.

- The Province could seek an intercept of any Provincial grants payable to a public body as additional security for a loan. While there is no precedent for executing such an intercept, it is likely that considerable pressure would be exerted to prevent the Province from intercepting Provincial revenues. Alternatively, the Province could request that should the public body default on its loan the responsible Ministry would repay the loan from within its allocation.

- It is unlikely that the Province would benefit from the OFA seeking to enforce a security interest against another Crown Agency. If a Crown Agency defaulted on a loan from the OFA, the Province could resolve the matter.

OFA Lending Policy Rule: Loan Security

1. For loans to Crown Agencies, the OFA will lend on an unsecured basis, unless there is an economic benefit to the Province of the OFA obtaining loan security.

2. For loans to Other Public Bodies, the OFA will require the same level of loan security as would a commercial lender. This is a matter of judgement and will be evaluated on a case by case basis.

3. For loans to Other Public Bodies, the OFA will obtain an intercept of any Provincial grants or rebates receivable by the borrower as loan security, in addition to the security provided by rule 2.

From:	Hanslep, Malle (MOF)
To:	John Kim; Lisa Stein
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:04:11 PM

Hi John,
Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 10:28 AM
To: Stein, Lisa (OFA); Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Ok, great. Thanks Lisa, Malle.

From: Lisa Stein
Sent: Friday, August 18, 2017 9:59 AM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Hi John,
I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.
Thank you,
Lisa

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.
I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.
Thanks,
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Sent: August-17-17 2:02 PM

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From:	Linda Smith
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx
Date:	Thursday, July 06, 2017 2:28:18 PM

Yes, people at OFA are involved in this and it makes sense. I would suggest that you get John Kim to sign off on this exclusion.

From: Kelly Listoe
Sent: Tuesday, July 04, 2017 11:01 AM
To: Linda Smith
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Linda

Attached is the amendment that Lisa and you agreed on. Thanks for completing it in my absence. In the meantime, Ken Ryfa sent back the same amendment asking for a change in the definition of subsidiary, which is a new one to me. This is what he is saying:

"New item 4 to clarify the definition of "subsidiary" to exclude any financing entity related to the Ontario Fair Hydro Plan Act. This is a significant item that needs to be captured. OFA has been involved in the developments related to this Act."

Has this been agreed to by anyone here? I am fine with it, but just want to confirm that the OFA is ok with it. I have attached a revised draft of the amendment incorporating OPG's draft language for you to take a look at. It is item #5 in our version of the draft.

If all is good, I will run it by legal and send it back to OPG (they have not yet seen the base rate redefinition).

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Linda Smith
Sent: Tuesday, June 27, 2017 10:22 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

My changes to the paragraph attached.

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:15 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Thank you Linda. Can you please review my black-lined amendments and comments and let me

know if the language in the definition reflects the process. Perhaps we should set up a brief meeting to discuss?

From: Linda Smith
Sent: Tuesday, June 27, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Lisa

Kelly asked me to come back with you with answers on the proposed changes to how we set the base rate.

Previously, the base rate for a 30 year borrowing would be set by taking the posted yield of the 30 year Government of Canada bond from the RBCB page on the day before the borrowing. If the term of the borrowing was not the same as the benchmark Government of Canada bond, there is a interpolation calculation done using the Government of Canada bonds, with terms less than and greater than the term of the borrowing, from the RBCB page.

Going forward, we want to set the Government of Canada bond yield based on the hedging that is done for the borrowing. This is the reason for the change to OEFC determining the yield. But this only determines the first part of the calculation. If the term of the borrowing is not the same as the term of the Government of Canada benchmark bond, we still need to do an interpolation calculation. This interpolation would be done using the yields posted on the RBCB page on the day before borrowing.

Happy to discuss.

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Please have a look at the comments from legal in the wording you provided. I am at home and won't be in the office for at least a week. Is it possible for you to provide answers to these questions and/ or confirm that they are actually operational as they are? I can't send a meeting request and answer these as I am dealing with a personal matter that is pretty urgent.

Regards,

Kelly

From: Lisa Stein
Sent: Monday, June 26, 2017 4:17 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Kelly,

Please see my notes and additional amendments on the attached. Further discussion is required regarding the definition of "Base Rate". Please see my notes on the attached; once you have reviewed, please send me a meeting planner to discuss.

Thank you,

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Lisa N. Stein
Legal Counsel
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From: Kelly Listoe
To: Linda Smith
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx
Date: Tuesday, July 04, 2017 11:01:10 AM
Attachments: AMENDING AGREEMENT (july4).docx

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****

AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of July, 2017.

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total commitment amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond ("Benchark Bond"), as determined by OEFC for the term specified in the applicable Borrowing Notice and includes all costs of borrowing, including applicable fees and commissions. In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, the rate shall be established by OEFC by interpolating the terms of two Government of Canada bonds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

5. The definition of the term "**Subsidiary**" in Section 1.1 of the Agreement is deleted and replaced with the following:

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries,

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a major ownership and power to direct the policies, management and affairs thereof,

(c) notwithstanding sub-sections (a) and (b) above, any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario) is deemed not to be a Subsidiary.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Name: Michael D. Manning

Title: Chief Operating Officer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

By: _____

Name: Ken Hartwick
Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

From:	Linda Smith
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx
Date:	Thursday, July 06, 2017 2:28:18 PM

Yes, people at OFA are involved in this and it makes sense. I would suggest that you get John Kim to sign off on this exclusion.

From: Kelly Listoe
Sent: Tuesday, July 04, 2017 11:01 AM
To: Linda Smith
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Linda

Attached is the amendment that Lisa and you agreed on. Thanks for completing it in my absence. In the meantime, Ken Ryfa sent back the same amendment asking for a change in the definition of subsidiary, which is a new one to me. This is what he is saying:

"New item 4 to clarify the definition of "subsidiary" to exclude any financing entity related to the Ontario Fair Hydro Plan Act. This is a significant item that needs to be captured. OFA has been involved in the developments related to this Act."

Has this been agreed to by anyone here? I am fine with it, but just want to confirm that the OFA is ok with it. I have attached a revised draft of the amendment incorporating OPG's draft language for you to take a look at. It is item #5 in our version of the draft.

If all is good, I will run it by legal and send it back to OPG (they have not yet seen the base rate redefinition).

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Linda Smith
Sent: Tuesday, June 27, 2017 10:22 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

My changes to the paragraph attached.

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:15 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Thank you Linda. Can you please review my black-lined amendments and comments and let me

know if the language in the definition reflects the process. Perhaps we should set up a brief meeting to discuss?

From: Linda Smith
Sent: Tuesday, June 27, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Lisa

Kelly asked me to come back with you with answers on the proposed changes to how we set the base rate.

Previously, the base rate for a 30 year borrowing would be set by taking the posted yield of the 30 year Government of Canada bond from the RBCB page on the day before the borrowing. If the term of the borrowing was not the same as the benchmark Government of Canada bond, there is a interpolation calculation done using the Government of Canada bonds, with terms less than and greater than the term of the borrowing, from the RBCB page.

Going forward, we want to set the Government of Canada bond yield based on the hedging that is done for the borrowing. This is the reason for the change to OEFC determining the yield. But this only determines the first part of the calculation. If the term of the borrowing is not the same as the term of the Government of Canada benchmark bond, we still need to do an interpolation calculation. This interpolation would be done using the yields posted on the RBCB page on the day before borrowing.

Happy to discuss.

From: Kelly Listoe
Sent: Tuesday, June 27, 2017 9:18 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Linda

Please have a look at the comments from legal in the wording you provided. I am at home and won't be in the office for at least a week. Is it possible for you to provide answers to these questions and/ or confirm that they are actually operational as they are? I can't send a meeting request and answer these as I am dealing with a personal matter that is pretty urgent.

Regards,

Kelly

From: Lisa Stein
Sent: Monday, June 26, 2017 4:17 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-rev OFA legal.docx

Hi Kelly,

Please see my notes and additional amendments on the attached. Further discussion is required regarding the definition of "Base Rate". Please see my notes on the attached; once you have reviewed, please send me a meeting planner to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Lisa Stein
To:	Kelly Listoe; Sarah Neville
Cc:	Sarah Harris
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Wednesday, July 26, 2017 11:47:44 AM

Hi Kelly,

What is the current status of this amending agreement? If it is not too late, we recommend adding the following to the beginning of section 4 (Base Rate):

"On or after the date of this Amending Agreement…."

We are suggesting this change on the basis the new process for calculating "Base Rate" (as amended) would only occur after the execution of the Amending Agreement. However, if it is too late for this additional amendment, we think it is already implied in any event.

Happy to discuss,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein ; Sarah Neville
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of “Base Rate” to ensure that it reflects the operational process. If you are satisfied with this draft I don’t need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Linda Smith
To: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Thursday, June 29, 2017 11:54:19 AM

Then why don't we let Kelly send it when he is back. Then he can check it before it goes over.

From: Sarah Harris
Sent: Thursday, June 29, 2017 11:30 AM
To: Linda Smith
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Linda,

Firstly, thanks for your help on clarifying the base rate directly with Lisa – that's really helped. Although I know it's not normal Doc channels, since the OPG folks know you, if you could send it, that would be helpful. (That being said, Kelly is back after the long weekend, and I don't think the OPG folks will be fussed if Kelly sends it on Tuesday – whatever works for you .

Thanks,

Sarah

From: Linda Smith
Sent: Thursday, June 29, 2017 11:18 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Would you like me to send this over to OPG or do you want to wait until Kelly comes back?

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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From: Sarah Harris
To: Linda Smith
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Thursday, June 29, 2017 11:29:32 AM

Hi Linda,
Firstly, thanks for your help on clarifying the base rate directly with Lisa – that's really helped. Although I know it's not normal Doc channels, since the OPG folks know you, if you could send it, that would be helpful. (That being said, Kelly is back after the long weekend, and I don't think the OPG folks will be fussed if Kelly sends it on Tuesday – whatever works for you .
Thanks,
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Lisa

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From: Sarah Neville
To: Kelly Listoe
Cc: Lisa Stein; Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Monday, July 17, 2017 9:29:42 AM

Kelly – As per your instructions I will comment only on the proposed amendment to section 5 of Amending Agreement No. 3.

Assuming that the SPV would qualify as a Material Subsidiary under the Credit Facility, the significant legal impact of the proposed amendment with respect to carving out the SPV from the definition of Subsidiary is with respect to how Events of Default and related remedies are determined under the Credit Facility and in particular with respect to Section 5.1(g). The cross-default provisions in any credit facility are designed to preserve a creditor's rights/value at the earliest possible point that the borrower becomes financially unsound across any of its business lines or becomes unable to meet its other debt obligations.

With the proposed amendment, the financial health/solvency of the SPV would not be a factor in triggering an Event of Default under the Credit Facility, even if the SPV becomes insolvent. I am not aware of the structure and funding of the SPV and whether or not OPG has any responsibilities/obligations in this regard, but if funding the SPV could be deemed "Other General Corporate Requirements" under the Credit Facility, then it is possible the Credit Facility could be used to continue to fund an entity that is otherwise insolvent and would otherwise have triggered an Event of Default. OFA would have no lens into the solvency status of the SPV as a result of this structure.

Provided the respective business advisors on this matter understand the implications of this carve out for the administration of the loan, and have considered the related risks given their knowledge of the structure and purpose of the SPV and its relationship to OPG, I have no further comments.

Sarah

Sarah Neville
Director, Legal Branch
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Kelly Listoe
Sent: Monday, July 17, 2017 8:50 AM
To: Sarah Neville
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Sarah – the only new item to review is the addition of the subsidiary exclusion – everything else has been reviewed and agreed on by Lisa, Linda and myself. So you know, both Linda and John Kim's group are fine with excluding the Special Purpose Vehicle from the definition of subsidiary. The OFA, OPG and MOE have been working on the structure of the electricity rate reduction program for some time now.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator

Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Neville
Sent: Thursday, July 13, 2017 4:39 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly – I am looking at this, I hope to have a response to you tomorrow.
Sarah

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Lisa N. Stein
Legal Counsel

Ontario Financing Authority
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Sarah Neville
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Capital Markets
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Lisa
Lisa N. Stein
Legal Counsel

Ontario Financing Authority
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****

To:	Sarah Neville
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Friday, July 14, 2017 7:30:48 AM

Hi Sarah,

You're a busy beaver with stuff from Documentation (and I'm sure others). Just as a note, the I

From: Sarah Neville
Sent: Thursday, July 13, 2017 4:39 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

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Sarah

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

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Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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Cc:	Sarah Harris
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To: Lisa Stein; Sarah Neville
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Thursday, July 13, 2017 9:37:20 AM
Attachments: AMENDING AGREEMENT (july4).docx
$700 million OEFC-OPG Credit Facility (Executed).pdf

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AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of July, 2017.

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total commitment amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond ("Benchark Bond"), as determined by OEFC for the term specified in the applicable Borrowing Notice and includes all costs of borrowing, including applicable fees and commissions. In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, the rate shall be established by OEFC by interpolating the terms of two Government of Canada bonds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

5. The definition of the term "**Subsidiary**" in Section 1.1 of the Agreement is deleted and replaced with the following:

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries,

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a major ownership and power to direct the policies, management and affairs thereof,

(c) notwithstanding sub-sections (a) and (b) above, any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario) is deemed not to be a Subsidiary.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Name: Michael D. Manning

Title: Chief Operating Officer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

By: _____

Name: Ken Hartwick
Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT

Dated: June 17, 2016

THIS GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT is made on the 17th day of June, 2016

between:

ONTARIO POWER GENERATION INC. ("OPG")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC").

RECITAL:

OPG has requested to borrow from OEFC an amount of up to Seven Hundred Million Dollars for the purpose of financing OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, including costs related to the Darlington Refurbishment Project and OEFC has agreed to lend such amount to OPG on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Adjusted Repayment Date" has the meaning specified in Section 3.4.

"Advance Date" has the meaning set forth in Section 3.2.

"Advances" means advances made by OEFC to OPG under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time and "Advance Outstanding" means the principal amount outstanding of any Advance.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Applicable Spread" means the additional interest in basis points over the Base Rate that will apply to an Advance, as determined by OEFC based on a survey of market rates.

"Base Rate" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds as published by Bloomberg RBCB as of the Business Day immediately preceding the Advance Date for the term specified in the applicable Notice of Borrowing and includes all costs of borrowing, including applicable fees and commissions. In the event that there are no Benchmark Government of Canada bonds listed at the time of the Advance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Advance, one being for a longer term and the other being for a shorter term.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Seven Hundred Million Dollars.

"Consolidated Net Worth" means, at any time, the aggregate amount of shareholders equity of OPG and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the credit facility to be made available to OPG by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Darlington Refurbishment Project" means OPG's project to refurbish any or all of the existing units at the Darlington Nuclear Generating Station.

"Darlington Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, for the Darlington Refurbishment Project.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Event of Default" has the meaning specified in Section 5.1.

"General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, comprised of the Darlington Requirements and the Other General Corporate Requirements.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Payment Dates" for any Advance shall be the semi-annual dates as specified in the Borrowing Notice.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Make-Whole Amount" in respect of an Advance Outstanding means the amount determined by OEFC as described in Schedule 3.

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined as of such time in accordance with generally accepted accounting principles, and a Subsidiary not otherwise defined as a Material Subsidiary associated with a Specified Project as set out in Schedule "A" as such Schedule "A" may be amended from time to time.

"Note" means the notes of OPG issued under this Agreement.

"OPG" means Ontario Power Generation Inc., a corporation incorporated under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of Ontario Power Generation Inc. pursuant to Section 6.1 and thereafter **"OPG"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Other General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, other than the Darlington Requirements.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPG or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by OPG or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by OPG or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to

current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of OPG or a Material Subsidiary that have not at the time been filed against OPG or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, OPG or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by OPG or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of OPG will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by OPG or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which OPG or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure OPG's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure OPG's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by OPG or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of OPG, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of OPG or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Prepayment Amount" means the amount determined in accordance with Section 2.5.

"Prepayment Calculation Date" means the date three Business Days prior to the Prepayment Date.

"Prepayment Date" means, in respect of the prepayment of Advances, the prepayment date set forth in the Prepayment Notice.

"Prepayment Notice" has the meaning specified in Section 2.5.

"Proposed Advance" has the meaning specified in Schedule 1.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date set forth in the applicable Borrowing Notice and Note.

"Specified Project" means a project listed and generally described in Schedule "A" as such Schedule "A" may be amended from time to time.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries, or

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to either (i) those accounting principles which are recognized as being generally accepted in Canada as set out in the Handbook published by the Canadian Institute of Chartered Accountants or any successor organization, applied on a consistent basis, or (ii) where and for as so long as is necessary to give effect to any applicable laws, those accounting principles that are recognized as being generally accepted in the United States of America and which are in effect from time to time, as promulgated by the Financial Accounting Standards Board, or successor organization, applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next following Business Day.

ARTICLE 2
NON-REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG up to the amount of the Commitment.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to OPG under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall not revolve.

Section 2.3 Use of Proceeds.

OPG shall use the proceeds of Advances for General Corporate Requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.6 and 5.2, OPG shall repay each Advance on the applicable Repayment Date or Adjusted Repayment Date, as the case may be.

Section 2.5 Prepayments.

(1) OPG shall have the right, at its option, to repay at any time, in whole or in part, any Advance Outstanding under this Agreement, provided that the minimum principal amount to be repaid at any time shall be $50,000,000 and the total principal amount which may be repaid in any one calendar year shall not exceed 50% of the total of all of

the Advances when such total Advances are more than $100,000,000, by payment to OEFC of the amount calculated in accordance with this section (the "Prepayment Amount").

(2) The Prepayment Amount shall be calculated as the sum of the following:

(a) the amount of the Advance Outstanding to be paid on the Prepayment Date;

(b) the accrued and unpaid interest on the amount of the Advance Outstanding to be paid on the Prepayment Date; and

(c) the Make-Whole Amount, if any, applicable to the amount of the Advance Outstanding to be paid on the Prepayment Date.

(3) OPG shall provide OEFC with written notice of its intention to prepay any Advance Outstanding, in whole or in part, not more than 90 calendar days and not less than 30 calendar days prior to the date OPG intends to make such payment (the "Prepayment Date"). The Prepayment Date shall be a Business Day. The notice ("Prepayment Notice") shall specify: (a) the principal amount to be repaid; (b) the Prepayment Date; and (c) OPG's covenant to pay the Prepayment Amount on the Prepayment Date. The Prepayment Notice is irrevocable and binding on both parties.

(4) On the Prepayment Calculation Date, OEFC shall provide OPG with written notice setting out the calculation of the Prepayment Amount, including a reasonably detailed calculation of the Make-Whole Amount and the assumptions used in making such calculations. An example of such calculation is set forth in Schedule 3 attached to this Agreement.

(5) OEFC shall give OPG one Business Day to review the calculations, after which the calculation of the Prepayment Amount shall be binding on OPG, absent manifest error.

Section 2.6 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to OPG under this Agreement to or to the order of OPG by wire transfer of immediately available funds in accordance with wire transfer instructions given by OPG to OEFC from time to time, or in such other manner as OPG may specify to OEFC from time to time.

(2) OPG shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire transfer instruction given by OEFC to OPG from time to time, or in such other manner as OEFC may specify to OPG from time to time. OPG shall make each such payment in Canadian Dollars.

ARTICLE 3
ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day prior to January 1, 2018. OPG shall not request Advances more than four (4) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately quarterly throughout a calendar year.

The Repayment Dates of the Proposed Advances for any date shall be such that the Repayment Dates are a) no more than 30 years after the date of the Proposed Advances for no more than 50% of the total amount of such Proposed Advances, and b) no more than 10 years after the date of the Proposed Advances for the remaining amount of the Proposed Advances.

No Advances shall be made under this Agreement after December 31, 2017.

Section 3.2 Procedure for Advances.

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance; provided that if the total of the Proposed Advances for any date exceeds $200,000,000, such notice shall be provided at least 20 Business Days prior to the date of the Advance unless otherwise agreed. Each such notice (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date"**); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

Section 3.3 Issue of Notes.

(1) By no later than 5:00 p.m. on the date that OPG delivers the Borrowing Notice, OPG shall deliver in escrow to OEFC executed promissory note(s) in the principal amount of the Advance(s), substantially in the form of Schedules 2 and 2A. Each Note shall be

dated the date of the respective Advance and shall mature on the Repayment Date and bear interest at the rate per annum (after as well as before Default or judgment) agreed to pursuant to Section 3.4, with interest on the amounts in Default at the same rate. The Notes delivered in escrow shall not contain the interest rate, therefore OEFC shall complete the interest rate on the day of the Advance, and provide OPG with a certified true copy of same. The Notes shall automatically be released from escrow upon receipt by OPG of the amount of the Advance. In the event that funds are not received by OPG on the Advance Date, OPG and OEFC agree to take all steps necessary to amend the date of the Notes and the applicable Repayment Dates, without amending the interest rate that was agreed to with respect to such Advance, subject to Section 3.4(2) hereof. OPG shall provide OEFC with written notice (which may be made by electronic transmission) that it has received the Advance and that the Notes have therefore automatically been released from escrow.

(2) The Notes shall at all times rank *pari passu* with all other unsubordinated Indebtedness of OPG, subject to the existence of any Permitted Liens of OPG.

(3) Interest shall be payable on the Notes in accordance with Section 3.4.

(4) All amounts owing in respect of the Notes shall be paid without exercising any right or set off or counterclaim by OPG irrespective of whether or not, at the time any such amount is due and payable, amounts are due and payable by OPG to OEFC.

Section 3.4 Interest on Advances.

(1) The interest rate applicable to an Advance shall be the aggregate of the applicable Base Rate and the Applicable Spread. The Applicable Spread shall be determined by OEFC and shall be calculated as of the date that is at least 1 Business Day before the Advance Date and not greater than 5 days before the Advance Date.

(2) OEFC shall notify OPG of the Applicable Spread and Base Rate in writing by no later than 2:00 p.m. on the Business Day before the Advance Date, provided that OPG has up to 5 Business Days to advise OEFC of any errors or discrepancies.

(3) Interest shall accrue daily on the principal amount of each Note from and including the date of the Note to but excluding the Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default) and shall be payable in equal semi-annual installments on the Interest Payment Dates.

(4) Notwithstanding the foregoing, whenever it is necessary to compute interest in respect of the Notes for a period of less than one full year, other than such equal semi-annual installments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days. If any Repayment Date is not a Business Day, such

Repayment Date will be adjusted to the following Business Day, (the "Adjusted Repayment Date"), and, notwithstanding Section 1.5 of this Agreement, additional interest shall accrue daily on the principal amount of each Note from and including the Repayment Date to but excluding the Adjusted Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default), and shall be payable together with the principal amount of the Advance on the Adjusted Repayment Date.

Section 3.5 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.6 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, OPG shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.6(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.7 Conditions Precedent.

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of OPG contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of OPG; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that OPG is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4
COVENANTS OF OPG

Section 4.1 Payment of Advances.

OPG will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPG will Maintain its Corporate Existence.

Subject to Section 6.1, OPG will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

OPG will cause all property owned by OPG or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of OPG or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that OPG or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent OPG or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of OPG or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

OPG will cause all property owned by OPG or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

Subject to Section 4.3, OPG will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

OPG will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of OPG or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the creation, incurrence or assumption of any Lien over assets that relate to a Specified Project, or to such other projects as may be agreed to from time to time;

(c) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of OPG or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(d) Permitted Liens;

(e) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b), (c) or (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(f) any Lien charging the interest of OPG or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b), (c) or (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(f) which is outstanding at such time does not exceed 10% of Consolidated Net Worth at such time.

Section 4.7 Payment of OEFC Expenses.

OPG will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Prime Rate calculated and payable monthly in arrears from the 30th day after demand for reimbursement thereof is made by OEFC.

Section 4.8 Reporting Requirements.

OPG will provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority any available information respecting the Darlington Refurbishment Project and the Credit Facility which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time and which may include, without limitation, information on Darlington Refurbishment Project milestones and progress achieved and expected, financial progress and explanations and variances, if any between what expected and actual progress.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date;

(c) failure on the part of OPG to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of OPG to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after the date on which written notice of such failure shall have been given to OPG by OEFC;

(e) any representation or warranty made by OPG in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by OPG of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) OPG, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,
and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against OPG or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $25 million by a court or courts of competent jurisdiction, and OPG or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to OPG, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of OPG under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of OPG, or if any other judicial proceedings relative to OPG, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6
CONSOLIDATION, AMALGAMATION, MERGER OF OPG

Section 6.1 Certain Requirements in Respect of Merger, etc.

OPG may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into OPG or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the Province of Ontario.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which OPG is not the continuing corporation,

the successor Person shall succeed to all of the rights and obligations of OPG under this Agreement, and from time to time may exercise every right and power of OPG under this Agreement.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF OPG

Section 7.1 Representations and Warranties of OPG.

OPG represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by OPG and the execution, delivery and performance of this Agreement are within the powers and capacities of OPG and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of OPG, laws of Ontario, including laws of Canada applicable therein, applicable to OPG or any contractual or other obligation binding on OPG;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of OPG enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by OPG for the purposes set out in Section 2.3.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to OPG, to it at:

Ontario Power Generation Inc.
700 University Avenue
Toronto, ON M5G 1X6

Attention: Treasurer
Telephone: 416-592-6392
Telecopier: 416-592-4189

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A 1Y7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice shall be addressed as indicated on Schedule 1.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and OPG and their respective successors and permitted assigns, except that OPG shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and OPG.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of OPG and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 17th day of June, 2016.

ONTARIO POWER GENERATION INC.

by: _____
Name: John Lee
Title: Vice President Treasurer

and: _____
Name: Ken Hartwick
Title: Senior Vice President Finance,
Strategy, Risk & Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE "A"

SPECIFIED PROJECTS

1) Lower Mattagami Project

The Lower Mattagami Project, being the redevelopment and expansion of the Lower Mattagami river complex comprising of 4 hydroelectric generating stations, being Little Long, Smoky Falls, Harmon and Kipling hydroelectric generating stations (and the related operational, transmission and interconnection assets) located on the Mattagami River in north-eastern Ontario approximately 70 km northeast of Kapuskasing, in the District of Cochrane and more specifically involving (a) the addition of a third turbine/generator unit at each of Little Long, Harmon and Kipling hydroelectric generating stations; (b) the construction of a 3-unit station with installed turbine capacity of 268 MW and decommissioning of the existing Smoky Falls hydroelectric generation station; and (c) related transmission work in order to connect the new generation to the grid.

Lower Mattagami Project Subsidiaries

- LM Energy Inc.;
- Lower Mattagami Energy Limited Partnership;
- Lower Mattagami Limited Partnership; and
- LM Extension Inc.

2) Peter Sutherland Sr. GS Project (formerly the New Post Creek Project)

The Peter Sutherland Sr. GS Project is a greenfield development of a 28 MW, two unit, hydroelectric generating facility on the New Post Creek, which is located approximately 200 km north of Timmins and situated 10 km northeast of the Abitibi Canyon Generating Station and 20 km south of the Otter Rapids Generating Station, both existing OPG assets. The facility site lies within the traditional territory of the Taykwa Tagamou Nation. The generating facility will be located on the Abitibi River, with the intake at New Post Creek, approximately 6 km upstream of its confluence with the Abitibi River. Upon completion of construction, the facility is expected to generate an average of 129 GWh annually. The total installed capacity of the facility is anticipated to be 28 MW. The development of the facility is expected to be completed no later than December 2017.

Peter Sutherland Sr. GS Project Subsidiaries

- PSS Generating Station LP

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
Via e-mail*: CashP@ofina.on.ca

Dear Sirs:

The undersigned, Ontario Power Generation Inc. ("OPG"), refer to the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between OPG and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that OPG requests the following Advances under the Agreement (each a **"Proposed Advance"**), and, in that connection, sets forth below the information relating to such Proposed Advances as required by Section 3.2 of the Agreement:

Proposed Advance – term up to 30 years:

(a) The date of the Proposed Advance, being a Business Day is ●
(b) The principal amount of the Proposed Advance is $● **[may not be amount greater than Proposed Advance – term up to 10 years]**
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance is **[insert repayment date i.e. a date not more than 30 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

Proposed Advance – term up to 10 years:

(a) The date of the Proposed Advance, being a Business Day is •
(b) The principal amount of the Proposed Advance is $•
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance **is [insert repayment date i.e. a date not more than 10 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

OPG hereby certifies that:

The representations and warranties of OPG contained in the Agreement are true and correct as at the date hereof.

The Repayment Date of any of the Proposed Advance(s) is no more than 30 years after the date of such Proposed Advance for no more than 50% of the total of all Proposed Advances to be made on the date of the Proposed Advance.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

OPG has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER GENERATION INC.

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 10 years after the proposed date of the advance]**

FOR VALUE RECEIVED, ONTARIO POWER GENERATION INC. ("OPG"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $• in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on •.

OEFC shall and is unconditionally and absolutely authorized and directed by OPG to record the date and amount of each prepayment, made with OEFC's consent, on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note (the "Records". OPG agrees that, in the absence of manifest mathematical error, the Records shall be p*rima facie* evidence of such payments, provided that the failure of OEFC to record or correctly record any amount or date shall not affect the obligation of OPG to pay the outstanding principal amount of the advances and interest, if applicable.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and shall be payable in arrears, in equal semi-annual payments on • and • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than such equal semi-annual payments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between OPG and OEFC (the "**Agreement**"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of OPG. OPG waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF OPG has executed this Note

ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 2 A

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 30 years after the proposed date of the advance]**

FOR VALUE RECEIVED, ONTARIO POWER GENERATION INC. ("OPG"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $• in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on •.

OEFC shall and is unconditionally and absolutely authorized and directed by OPG to record the date and amount of each prepayment, made with OEFC's consent, on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note (the "Records". OPG agrees that, in the absence of manifest mathematical error, the Records shall be p*rima facie* evidence of such payments, provided that the failure of OEFC to record or correctly record any amount or date shall not affect the obligation of OPG to pay the outstanding principal amount of the advances and interest, if applicable.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and shall be payable in arrears, in equal semi-annual payments on • and • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than such equal semi-annual payments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between OPG and OEFC (the "**Agreement**"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of OPG. OPG waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF OPG has executed this Note

ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 3

CALCULATION OF MAKE-WHOLE AMOUNT AND EXAMPLE CALCULATION

For the purposes of this Schedule 3, the following terms shall have the meanings assigned to them below:

"OPG Market Price" means the price that is calculated using the OPG Interpolated Yield for the remaining term to maturity of the Advance Outstanding as of the Prepayment Calculation Date.

"OPG Interpolated Yield" means the interpolated yield calculated by using a Province of Ontario Yield Curve.

"Province of Ontario Yield Curve" means the yield curve that is constructed of only issues with an active, whole-bond float of at least CAD $2 Billion in size.

OEFC will calculate the Make-Whole Amount as the OPG Market Price multiplied by the amount of the Advance Outstanding that is to be repaid.

If the shape of the Province of Ontario Yield Curve for the remaining term to maturity is convex, then a cubic-spline method for interpolation will be used (i.e. the interpolation will follow the curvature of that portion of the yield curve). If the constructed yield curve is concave at this term, a linear (i.e. straight line) method of interpolation will be used.

Example

On 22 April, 2005 OEFC provided OPG with an Advance for $75 million at 5.575% for a term of 10 years. OPG gives notice to prepay the Advance Outstanding of $75 million on February 4, 2010.

Prepayment Date:	Feb 4, 2010
Repayment Date of original Advance:	April 22, 2015
Coupon Rate:	5.575%
OPG Interpolated Yield:	2.875%

Ontario issues used for Interpolation (linear)

ONT 4.5% 08 MAR 2015 ($3.0B Float):	*2.839%*
ONT 4.4% 08 MAR 2016 ($3.0B Float):	*3.135%*

OPG Market Price: 112.99

Make-Whole Amount: $75 million x ((112.99 – 100)/100) = $9.7 million

From: Kelly Listoe
To: Lisa Stein; Sarah Neville
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Thursday, July 13, 2017 9:37:20 AM
Attachments: AMENDING AGREEMENT (july4).docx
$700 million OEFC-OPG Credit Facility (Executed).pdf

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe ; Linda Smith
Cc: Sarah Harris
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of July, 2017.

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total commitment amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond ("Benchark Bond"), as determined by OEFC for the term specified in the applicable Borrowing Notice and includes all costs of borrowing, including applicable fees and commissions. In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, the rate shall be established by OEFC by interpolating the terms of two Government of Canada bonds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

5. The definition of the term "**Subsidiary**" in Section 1.1 of the Agreement is deleted and replaced with the following:

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries,

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a major ownership and power to direct the policies, management and affairs thereof,

(c) notwithstanding sub-sections (a) and (b) above, any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario) is deemed not to be a Subsidiary.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Name: Michael D. Manning

Title: Chief Operating Officer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

By: _____

Name: Ken Hartwick
Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT

Dated: June 17, 2016

THIS GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT is made on the 17th day of June, 2016

between:

ONTARIO POWER GENERATION INC. ("OPG")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC").

RECITAL:

OPG has requested to borrow from OEFC an amount of up to Seven Hundred Million Dollars for the purpose of financing OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, including costs related to the Darlington Refurbishment Project and OEFC has agreed to lend such amount to OPG on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Adjusted Repayment Date" has the meaning specified in Section 3.4.

"Advance Date" has the meaning set forth in Section 3.2.

"Advances" means advances made by OEFC to OPG under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time and "Advance Outstanding" means the principal amount outstanding of any Advance.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Applicable Spread" means the additional interest in basis points over the Base Rate that will apply to an Advance, as determined by OEFC based on a survey of market rates.

"Base Rate" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds as published by Bloomberg RBCB as of the Business Day immediately preceding the Advance Date for the term specified in the applicable Notice of Borrowing and includes all costs of borrowing, including applicable fees and commissions. In the event that there are no Benchmark Government of Canada bonds listed at the time of the Advance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Advance, one being for a longer term and the other being for a shorter term.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Seven Hundred Million Dollars.

"Consolidated Net Worth" means, at any time, the aggregate amount of shareholders equity of OPG and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the credit facility to be made available to OPG by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Darlington Refurbishment Project" means OPG's project to refurbish any or all of the existing units at the Darlington Nuclear Generating Station.

"Darlington Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, for the Darlington Refurbishment Project.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Event of Default" has the meaning specified in Section 5.1.

"General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, comprised of the Darlington Requirements and the Other General Corporate Requirements.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Payment Dates" for any Advance shall be the semi-annual dates as specified in the Borrowing Notice.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Make-Whole Amount" in respect of an Advance Outstanding means the amount determined by OEFC as described in Schedule 3.

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined as of such time in accordance with generally accepted accounting principles, and a Subsidiary not otherwise defined as a Material Subsidiary associated with a Specified Project as set out in Schedule "A" as such Schedule "A" may be amended from time to time.

"Note" means the notes of OPG issued under this Agreement.

"OPG" means Ontario Power Generation Inc., a corporation incorporated under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of Ontario Power Generation Inc. pursuant to Section 6.1 and thereafter **"OPG"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Other General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, other than the Darlington Requirements.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPG or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by OPG or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by OPG or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to

current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of OPG or a Material Subsidiary that have not at the time been filed against OPG or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, OPG or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by OPG or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of OPG will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by OPG or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which OPG or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure OPG's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure OPG's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by OPG or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of OPG, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of OPG or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Prepayment Amount" means the amount determined in accordance with Section 2.5.

"Prepayment Calculation Date" means the date three Business Days prior to the Prepayment Date.

"Prepayment Date" means, in respect of the prepayment of Advances, the prepayment date set forth in the Prepayment Notice.

"Prepayment Notice" has the meaning specified in Section 2.5.

"Proposed Advance" has the meaning specified in Schedule 1.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date set forth in the applicable Borrowing Notice and Note.

"Specified Project" means a project listed and generally described in Schedule "A" as such Schedule "A" may be amended from time to time.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries, or

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to either (i) those accounting principles which are recognized as being generally accepted in Canada as set out in the Handbook published by the Canadian Institute of Chartered Accountants or any successor organization, applied on a consistent basis, or (ii) where and for as so long as is necessary to give effect to any applicable laws, those accounting principles that are recognized as being generally accepted in the United States of America and which are in effect from time to time, as promulgated by the Financial Accounting Standards Board, or successor organization, applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next following Business Day.

ARTICLE 2
NON-REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG up to the amount of the Commitment.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to OPG under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall not revolve.

Section 2.3 Use of Proceeds.

OPG shall use the proceeds of Advances for General Corporate Requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.6 and 5.2, OPG shall repay each Advance on the applicable Repayment Date or Adjusted Repayment Date, as the case may be.

Section 2.5 Prepayments.

(1) OPG shall have the right, at its option, to repay at any time, in whole or in part, any Advance Outstanding under this Agreement, provided that the minimum principal amount to be repaid at any time shall be $50,000,000 and the total principal amount which may be repaid in any one calendar year shall not exceed 50% of the total of all of

the Advances when such total Advances are more than $100,000,000, by payment to OEFC of the amount calculated in accordance with this section (the "Prepayment Amount").

(2) The Prepayment Amount shall be calculated as the sum of the following:

(a) the amount of the Advance Outstanding to be paid on the Prepayment Date;

(b) the accrued and unpaid interest on the amount of the Advance Outstanding to be paid on the Prepayment Date; and

(c) the Make-Whole Amount, if any, applicable to the amount of the Advance Outstanding to be paid on the Prepayment Date.

(3) OPG shall provide OEFC with written notice of its intention to prepay any Advance Outstanding, in whole or in part, not more than 90 calendar days and not less than 30 calendar days prior to the date OPG intends to make such payment (the "Prepayment Date"). The Prepayment Date shall be a Business Day. The notice ("Prepayment Notice") shall specify: (a) the principal amount to be repaid; (b) the Prepayment Date; and (c) OPG's covenant to pay the Prepayment Amount on the Prepayment Date. The Prepayment Notice is irrevocable and binding on both parties.

(4) On the Prepayment Calculation Date, OEFC shall provide OPG with written notice setting out the calculation of the Prepayment Amount, including a reasonably detailed calculation of the Make-Whole Amount and the assumptions used in making such calculations. An example of such calculation is set forth in Schedule 3 attached to this Agreement.

(5) OEFC shall give OPG one Business Day to review the calculations, after which the calculation of the Prepayment Amount shall be binding on OPG, absent manifest error.

Section 2.6 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to OPG under this Agreement to or to the order of OPG by wire transfer of immediately available funds in accordance with wire transfer instructions given by OPG to OEFC from time to time, or in such other manner as OPG may specify to OEFC from time to time.

(2) OPG shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire transfer instruction given by OEFC to OPG from time to time, or in such other manner as OEFC may specify to OPG from time to time. OPG shall make each such payment in Canadian Dollars.

ARTICLE 3
ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day prior to January 1, 2018. OPG shall not request Advances more than four (4) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately quarterly throughout a calendar year.

The Repayment Dates of the Proposed Advances for any date shall be such that the Repayment Dates are a) no more than 30 years after the date of the Proposed Advances for no more than 50% of the total amount of such Proposed Advances, and b) no more than 10 years after the date of the Proposed Advances for the remaining amount of the Proposed Advances.

No Advances shall be made under this Agreement after December 31, 2017.

Section 3.2 Procedure for Advances.

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance; provided that if the total of the Proposed Advances for any date exceeds $200,000,000, such notice shall be provided at least 20 Business Days prior to the date of the Advance unless otherwise agreed. Each such notice (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date"**); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

Section 3.3 Issue of Notes.

(1) By no later than 5:00 p.m. on the date that OPG delivers the Borrowing Notice, OPG shall deliver in escrow to OEFC executed promissory note(s) in the principal amount of the Advance(s), substantially in the form of Schedules 2 and 2A. Each Note shall be

dated the date of the respective Advance and shall mature on the Repayment Date and bear interest at the rate per annum (after as well as before Default or judgment) agreed to pursuant to Section 3.4, with interest on the amounts in Default at the same rate. The Notes delivered in escrow shall not contain the interest rate, therefore OEFC shall complete the interest rate on the day of the Advance, and provide OPG with a certified true copy of same. The Notes shall automatically be released from escrow upon receipt by OPG of the amount of the Advance. In the event that funds are not received by OPG on the Advance Date, OPG and OEFC agree to take all steps necessary to amend the date of the Notes and the applicable Repayment Dates, without amending the interest rate that was agreed to with respect to such Advance, subject to Section 3.4(2) hereof. OPG shall provide OEFC with written notice (which may be made by electronic transmission) that it has received the Advance and that the Notes have therefore automatically been released from escrow.

(2) The Notes shall at all times rank *pari passu* with all other unsubordinated Indebtedness of OPG, subject to the existence of any Permitted Liens of OPG.

(3) Interest shall be payable on the Notes in accordance with Section 3.4.

(4) All amounts owing in respect of the Notes shall be paid without exercising any right or set off or counterclaim by OPG irrespective of whether or not, at the time any such amount is due and payable, amounts are due and payable by OPG to OEFC.

Section 3.4 Interest on Advances.

(1) The interest rate applicable to an Advance shall be the aggregate of the applicable Base Rate and the Applicable Spread. The Applicable Spread shall be determined by OEFC and shall be calculated as of the date that is at least 1 Business Day before the Advance Date and not greater than 5 days before the Advance Date.

(2) OEFC shall notify OPG of the Applicable Spread and Base Rate in writing by no later than 2:00 p.m. on the Business Day before the Advance Date, provided that OPG has up to 5 Business Days to advise OEFC of any errors or discrepancies.

(3) Interest shall accrue daily on the principal amount of each Note from and including the date of the Note to but excluding the Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default) and shall be payable in equal semi-annual installments on the Interest Payment Dates.

(4) Notwithstanding the foregoing, whenever it is necessary to compute interest in respect of the Notes for a period of less than one full year, other than such equal semi-annual installments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days. If any Repayment Date is not a Business Day, such

Repayment Date will be adjusted to the following Business Day, (the "Adjusted Repayment Date"), and, notwithstanding Section 1.5 of this Agreement, additional interest shall accrue daily on the principal amount of each Note from and including the Repayment Date to but excluding the Adjusted Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default), and shall be payable together with the principal amount of the Advance on the Adjusted Repayment Date.

Section 3.5 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.6 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, OPG shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.6(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.7 Conditions Precedent.

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of OPG contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of OPG; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that OPG is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4
COVENANTS OF OPG

Section 4.1 Payment of Advances.

OPG will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPG will Maintain its Corporate Existence.

Subject to Section 6.1, OPG will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

OPG will cause all property owned by OPG or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of OPG or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that OPG or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent OPG or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of OPG or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

OPG will cause all property owned by OPG or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

Subject to Section 4.3, OPG will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

OPG will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of OPG or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the creation, incurrence or assumption of any Lien over assets that relate to a Specified Project, or to such other projects as may be agreed to from time to time;

(c) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of OPG or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(d) Permitted Liens;

(e) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b), (c) or (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(f) any Lien charging the interest of OPG or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b), (c) or (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(f) which is outstanding at such time does not exceed 10% of Consolidated Net Worth at such time.

Section 4.7 Payment of OEFC Expenses.

OPG will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Prime Rate calculated and payable monthly in arrears from the 30th day after demand for reimbursement thereof is made by OEFC.

Section 4.8 Reporting Requirements.

OPG will provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority any available information respecting the Darlington Refurbishment Project and the Credit Facility which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time and which may include, without limitation, information on Darlington Refurbishment Project milestones and progress achieved and expected, financial progress and explanations and variances, if any between what expected and actual progress.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date;

(c) failure on the part of OPG to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of OPG to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after the date on which written notice of such failure shall have been given to OPG by OEFC;

(e) any representation or warranty made by OPG in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by OPG of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) OPG, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,
and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against OPG or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $25 million by a court or courts of competent jurisdiction, and OPG or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to OPG, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of OPG under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of OPG, or if any other judicial proceedings relative to OPG, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6
CONSOLIDATION, AMALGAMATION, MERGER OF OPG

Section 6.1 Certain Requirements in Respect of Merger, etc.

OPG may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into OPG or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the Province of Ontario.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which OPG is not the continuing corporation,

the successor Person shall succeed to all of the rights and obligations of OPG under this Agreement, and from time to time may exercise every right and power of OPG under this Agreement.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF OPG

Section 7.1 Representations and Warranties of OPG.

OPG represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by OPG and the execution, delivery and performance of this Agreement are within the powers and capacities of OPG and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of OPG, laws of Ontario, including laws of Canada applicable therein, applicable to OPG or any contractual or other obligation binding on OPG;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of OPG enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by OPG for the purposes set out in Section 2.3.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to OPG, to it at:

Ontario Power Generation Inc.
700 University Avenue
Toronto, ON M5G 1X6

Attention: Treasurer
Telephone: 416-592-6392
Telecopier: 416-592-4189

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A 1Y7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice shall be addressed as indicated on Schedule 1.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and OPG and their respective successors and permitted assigns, except that OPG shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and OPG.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of OPG and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 17th day of June, 2016.

ONTARIO POWER GENERATION INC.

by: _____
Name: John Lee
Title: Vice President Treasurer

and: _____
Name: Ken Hartwick
Title: Senior Vice President Finance,
Strategy, Risk & Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE "A"

SPECIFIED PROJECTS

1) Lower Mattagami Project

The Lower Mattagami Project, being the redevelopment and expansion of the Lower Mattagami river complex comprising of 4 hydroelectric generating stations, being Little Long, Smoky Falls, Harmon and Kipling hydroelectric generating stations (and the related operational, transmission and interconnection assets) located on the Mattagami River in north-eastern Ontario approximately 70 km northeast of Kapuskasing, in the District of Cochrane and more specifically involving (a) the addition of a third turbine/generator unit at each of Little Long, Harmon and Kipling hydroelectric generating stations; (b) the construction of a 3-unit station with installed turbine capacity of 268 MW and decommissioning of the existing Smoky Falls hydroelectric generation station; and (c) related transmission work in order to connect the new generation to the grid.

Lower Mattagami Project Subsidiaries

- LM Energy Inc.;
- Lower Mattagami Energy Limited Partnership;
- Lower Mattagami Limited Partnership; and
- LM Extension Inc.

2) Peter Sutherland Sr. GS Project (formerly the New Post Creek Project)

The Peter Sutherland Sr. GS Project is a greenfield development of a 28 MW, two unit, hydroelectric generating facility on the New Post Creek, which is located approximately 200 km north of Timmins and situated 10 km northeast of the Abitibi Canyon Generating Station and 20 km south of the Otter Rapids Generating Station, both existing OPG assets. The facility site lies within the traditional territory of the Taykwa Tagamou Nation. The generating facility will be located on the Abitibi River, with the intake at New Post Creek, approximately 6 km upstream of its confluence with the Abitibi River. Upon completion of construction, the facility is expected to generate an average of 129 GWh annually. The total installed capacity of the facility is anticipated to be 28 MW. The development of the facility is expected to be completed no later than December 2017.

Peter Sutherland Sr. GS Project Subsidiaries

- PSS Generating Station LP

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
Via e-mail*: CashP@ofina.on.ca

Dear Sirs:

The undersigned, Ontario Power Generation Inc. ("OPG"), refer to the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between OPG and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that OPG requests the following Advances under the Agreement (each a **"Proposed Advance"**), and, in that connection, sets forth below the information relating to such Proposed Advances as required by Section 3.2 of the Agreement:

Proposed Advance – term up to 30 years:

(a) The date of the Proposed Advance, being a Business Day is ●
(b) The principal amount of the Proposed Advance is $● **[may not be amount greater than Proposed Advance – term up to 10 years]**
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance is **[insert repayment date i.e. a date not more than 30 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

Proposed Advance – term up to 10 years:

(a) The date of the Proposed Advance, being a Business Day is •
(b) The principal amount of the Proposed Advance is $•
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance **is [insert repayment date i.e. a date not more than 10 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

OPG hereby certifies that:

The representations and warranties of OPG contained in the Agreement are true and correct as at the date hereof.

The Repayment Date of any of the Proposed Advance(s) is no more than 30 years after the date of such Proposed Advance for no more than 50% of the total of all Proposed Advances to be made on the date of the Proposed Advance.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

OPG has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER GENERATION INC.

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 10 years after the proposed date of the advance]**

FOR VALUE RECEIVED, ONTARIO POWER GENERATION INC. ("OPG"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $• in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on •.

OEFC shall and is unconditionally and absolutely authorized and directed by OPG to record the date and amount of each prepayment, made with OEFC's consent, on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note (the "Records". OPG agrees that, in the absence of manifest mathematical error, the Records shall be p*rima facie* evidence of such payments, provided that the failure of OEFC to record or correctly record any amount or date shall not affect the obligation of OPG to pay the outstanding principal amount of the advances and interest, if applicable.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and shall be payable in arrears, in equal semi-annual payments on • and • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than such equal semi-annual payments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between OPG and OEFC (the "**Agreement**"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of OPG. OPG waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF OPG has executed this Note

ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 2 A

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 30 years after the proposed date of the advance]**

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ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 3

CALCULATION OF MAKE-WHOLE AMOUNT AND EXAMPLE CALCULATION

For the purposes of this Schedule 3, the following terms shall have the meanings assigned to them below:

"OPG Market Price" means the price that is calculated using the OPG Interpolated Yield for the remaining term to maturity of the Advance Outstanding as of the Prepayment Calculation Date.

"OPG Interpolated Yield" means the interpolated yield calculated by using a Province of Ontario Yield Curve.

"Province of Ontario Yield Curve" means the yield curve that is constructed of only issues with an active, whole-bond float of at least CAD $2 Billion in size.

OEFC will calculate the Make-Whole Amount as the OPG Market Price multiplied by the amount of the Advance Outstanding that is to be repaid.

If the shape of the Province of Ontario Yield Curve for the remaining term to maturity is convex, then a cubic-spline method for interpolation will be used (i.e. the interpolation will follow the curvature of that portion of the yield curve). If the constructed yield curve is concave at this term, a linear (i.e. straight line) method of interpolation will be used.

Example

On 22 April, 2005 OEFC provided OPG with an Advance for $75 million at 5.575% for a term of 10 years. OPG gives notice to prepay the Advance Outstanding of $75 million on February 4, 2010.

Prepayment Date:	Feb 4, 2010
Repayment Date of original Advance:	April 22, 2015
Coupon Rate:	5.575%
OPG Interpolated Yield:	2.875%

Ontario issues used for Interpolation (linear)

ONT 4.5% 08 MAR 2015 ($3.0B Float):	*2.839%*
ONT 4.4% 08 MAR 2016 ($3.0B Float):	*3.135%*

OPG Market Price: 112.99

Make-Whole Amount: $75 million x ((112.99 – 100)/100) = $9.7 million

From:	Sarah Harris
To:	Linda Smith
Cc:	Kelly Listoe
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Thursday, June 29, 2017 4:11:02 PM

Sounds good to me, thanks.
Sarah

From: Linda Smith
Sent: Thursday, June 29, 2017 11:54 AM
To: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Then why don't we let Kelly send it when he is back. Then he can check it before it goes over.

From: Sarah Harris
Sent: Thursday, June 29, 2017 11:30 AM
To: Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Hi Linda,
Firstly, thanks for your help on clarifying the base rate directly with Lisa – that's really helped. Although I know it's not normal Doc channels, since the OPG folks know you, if you could send it, that would be helpful. (That being said, Kelly is back after the long weekend, and I don't think the OPG folks will be fussed if Kelly sends it on Tuesday – whatever works for you .
Thanks,
Sarah

From: Linda Smith
Sent: Thursday, June 29, 2017 11:18 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Would you like me to send this over to OPG or do you want to wait until Kelly comes back?

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Hi all,
Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.
Thanks,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this

message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Lisa Stein
To:	Kelly Listoe; Sarah Neville
Cc:	Sarah Harris
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Wednesday, July 26, 2017 11:47:44 AM

Hi Kelly,

What is the current status of this amending agreement? If it is not too late, we recommend adding the following to the beginning of section 4 (Base Rate):

"On or after the date of this Amending Agreement…."

We are suggesting this change on the basis the new process for calculating "Base Rate" (as amended) would only occur after the execution of the Amending Agreement. However, if it is too late for this additional amendment, we think it is already implied in any event.

Happy to discuss,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein ; Sarah Neville
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

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Thanks,

Lisa

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****

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: Amending Agreement 10 - Grid note/balances/requirements
Date:	Wednesday, August 02, 2017 1:58:00 PM

Hi JF,

Noted, thanks JF.

From: Jean-Francois Beaupre
Sent: Wednesday, August 02, 2017 1:55 PM
To: William Tan
Cc: Sarah Harris ; Kelly Listoe
Subject: RE: Amending Agreement 10 - Grid note/balances/requirements

Hi Will,

I am glad you were able to determine the outstanding amount with Carlos as you will need this for the amending agreement.

Perhaps you can follow-up toward the end of next week with Anthony to find out when exactly they will require the funds. For now, the amending agreement and new facility should be our priority and hopefully we are closer to finalizing the agreements by next week.

Thanks,

JF

From: William Tan
Sent: Wednesday, August 02, 2017 1:33 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Amending Agreement 10 - Grid note/balances/requirements

Hi JF,

I spoke to Carlos yesterday and was able to conclude that Anthony's numbers are correct. I have attached the supporting documents to demonstrate the calculation. I will compose the Grid Note needed for the Amending Agreement 10.

Grid Note – Generated from OLMS>Reports>Grid Note

Election Notice

RPP Rollover Notice – Carlos confirms outstanding balance on the rollover notice.

1.

Total $253.10 million

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million. Plus any RRRP or other credit needs that may result during August.

Should we find out when he will need this money?

If we set-up the FHP $2billion Credit Facility in time, Anthony can advance new required $250 million from that facility.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur

sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
Regards

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 2:11 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Re: IESO - Credit facility balances/requirments

Hi Will,
The agreement is the priority. Please coordinate your comments with Kelly and we can discuss when you are ready before sending to OFA Legal. Victor mentioned having a call with OFA counsel, so perhaps you can set-up a call for late tomorrow morning or early tomorrow afternoon, which would give us a chance to discuss internally with Lisa first.
Thanks,
JF

On Jul 26, 2017, at 2:05 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi JF,
> Which do you want me to work on first?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Wednesday, July 26, 2017 2:03 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Kelly Listoe <Kelly.Listoe@ofina.on.ca>
> **Subject:** Re: IESO - Credit facility balances/requirments
>
> Hi Will,
> The methodology we are using in OLMS to determine outstanding IESO amounts appears to differ substantially from the $138M we were expecting. Please advise as we need to figure this out before executing the amending agreement and we should be able to confirm IESO's numbers independently.
> Thanks,
> JF
>
> On Jul 26, 2017, at 1:57 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
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> > This is regarding the additional advances for mid-August.
> > I haven't looked at this yet as I am reviewing the credit facility agreement.
> > Thanks,
> > Will
> >
> > ---
> >
> > **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> > **Sent:** Wednesday, July 26, 2017 10:47 AM
> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley

<Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,

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For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.

RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78

RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: Amending Agreement 10 - Grid note/balances/requirements
Date:	Wednesday, August 02, 2017 1:55:17 PM

Hi Will,

I am glad you were able to determine the outstanding amount with Carlos as you will need this for the amending agreement.

Perhaps you can follow-up toward the end of next week with Anthony to find out when exactly they will require the funds. For now, the amending agreement and new facility should be our priority and hopefully we are closer to finalizing the agreements by next week.

Thanks,
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> **Sent:** Wednesday, July 26, 2017 10:47 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
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2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.

For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: Amending Agreement 10 - Grid note/balances/requirements
Date:	Wednesday, August 02, 2017 1:58:00 PM

Hi JF,

Noted, thanks JF.

From: Jean-Francois Beaupre
Sent: Wednesday, August 02, 2017 1:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Amending Agreement 10 - Grid note/balances/requirements

Hi Will,

I am glad you were able to determine the outstanding amount with Carlos as you will need this for the amending agreement.

Perhaps you can follow-up toward the end of next week with Anthony to find out when exactly they will require the funds. For now, the amending agreement and new facility should be our priority and hopefully we are closer to finalizing the agreements by next week.

Thanks,
JF

From: William Tan
Sent: Wednesday, August 02, 2017 1:33 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Amending Agreement 10 - Grid note/balances/requirements

Hi JF,

I spoke to Carlos yesterday and was able to conclude that Anthony's numbers are correct. I have attached the supporting documents to demonstrate the calculation. I will compose the Grid Note needed for the Amending Agreement 10.

Grid Note – Generated from OLMS>Reports>Grid Note
Election Notice
RPP Rollover Notice – Carlos confirms outstanding balance on the rollover notice.

1.
Total $253.10 million

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.
Plus any RRRP or other credit needs that may result during August.
Should we find out when he will need this money?
If we set-up the FHP $2billion Credit Facility in time, Anthony can advance new required $250 million from that facility.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 2:11 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Re: IESO - Credit facility balances/requirments

Hi Will,

The agreement is the priority. Please coordinate your comments with Kelly and we can discuss when you are ready before sending to OFA Legal. Victor mentioned having a call with OFA counsel, so perhaps you can set-up a call for late tomorrow morning or early tomorrow afternoon, which would give us a chance to discuss internally with Lisa first.

Thanks,
JF

On Jul 26, 2017, at 2:05 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hi JF,
>
> Which do you want me to work on first?
>
> ---
>
> **From:** Jean-Francois Beaupre

Sent: Wednesday, July 26, 2017 2:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Re: IESO - Credit facility balances/requirments

Hi Will,

The methodology we are using in OLMS to determine outstanding IESO amounts appears to differ substantially from the $138M we were expecting. Please advise as we need to figure this out before executing the amending agreement and we should be able to confirm IESO's numbers independently.

Thanks,
JF

On Jul 26, 2017, at 1:57 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello,
>
> This is regarding the additional advances for mid-August.
>
> I haven't looked at this yet as I am reviewing the credit facility agreement.
>
> Thanks,
>
> Will
>
> ---
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** Wednesday, July 26, 2017 10:47 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
> **Subject:** RE: IESO - Credit facility balances/requirments
>
> William,
>
> 1.
> As of July 26, we have OFA credit o/s of:
>
> 1. RPP (Fair Hydro) amount o/s = $246.5 million
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Will

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From:	Sarah Neville
To:	William Tan
Cc:	Lisa Stein; Sarah Harris
Subject:	RE: Amending Agreement 10 review
Date:	Wednesday, July 12, 2017 8:42:32 AM

Hi William – I will review these documents while Lisa is away. Could you please advise as to timing?
Thanks very much,
Sarah

From: William Tan
Sent: Tuesday, July 11, 2017 8:36 PM
To: Sarah Neville
Cc: Lisa Stein ; Sarah Harris
Subject: Amending Agreement 10 review

Hello Sarah N,

Lisa was assisting me with the Amending Agreement 10, for the existing IESO OFA Credit Facility. While Lisa is away, who can we forward this to for review?

Part of the Fair Hydro Plan implementation process, requires reducing the existing credit facility from $975 million, down to $475 million (Amending Agreement 10).

Attached is the draft amending agreement with IESO's first round of comments. I have provided my comments as well for OFA Legal's review. One particular section (Use of Proceeds) requires Electricity Finance's review which I have already forwarded to them for review.

Concurrently IESO is reviewing our draft $2 billion FHP Credit Facility Agreement. I've included the approved directive and underlying OIC. We are expecting to receive comments on that draft in the near future as well. We will eventually require assistance with that as well. I will send a separate emails with the other 9, amending agreements to keep the emails small.

For background purposes I've attached

IESO OFA Amending Agreement 10
Original Credit Facility Agreement
History of IESO OFA Amending Agreements.
IESO Credit Requirements for the 2017 Fair Hydro Plan letter(IESO Request letter) outlining implementation process.
Directive
Underlying OIC

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: Amending Agreement 10
Date: Monday, June 26, 2017 1:55:02 PM

Hi Will,
For the purposes of accuracy of the recitals, it may be a good idea to touch base with Lisa on the Acknowledgement and Agreement. While Amending Agreement #3 increased the size of the facility and there was a grid not note issued back then, the present note dated November 30, 2016 was issued under amending agreement 9 (to replace one that was issued under Amending Agreement #7). You'll want to ask her if/how this clarification is addressed. Maybe something to the effect the that credit facility was increased in #3 but is now evidenced by a grid note issued November 30, 2016.
Sarah

From: William Tan
Sent: Monday, June 26, 2017 1:49 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Amending Agreement 10
Hello Lisa,
I have made the revisions referenced below. Please review and comment.
Thanks,
Will

From: Sarah Harris
Sent: Monday, June 26, 2017 10:50 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
I think if you actually put CDN in all recital references, that would be good.
Thanks,
Sarah

From: Sarah Harris
Sent: Monday, June 26, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
Would you please also add CDN in front of $475 million in the penultimate recital.
Also, in the 3rd recital, please insert the date of the grid note.
Thanks,
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:37 AM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Amending Agreement 10

Hi William,

I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.

Thanks,

Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10

Good morning Lisa,

Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Amending Agreement 10
Date: Monday, June 26, 2017 1:51:59 PM

Please take "CDN" out of the references on the last page (amendments to agreement) as these are defined in the agreement. I don't need to review it again.

From: William Tan
Sent: Monday, June 26, 2017 1:49 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Amending Agreement 10

Hello Lisa,

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: Amending Agreement 10
Date:	Monday, June 26, 2017 12:17:13 PM
Attachments:	IESO_OFA Amendment No 10.doc

Hello Lisa,
I have made the revisions referenced below. Please review and comment.
Thanks,
Will

From: Sarah Harris
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Cc: Lisa Stein
Subject: RE: Amending Agreement 10

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000 ~~million~~, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000 ~~million~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to CDN $975,000,000 ~~million~~ and the OPA issued a grid note dated July 1, 2017 ~~[INSERT]~~ to the OFA for a principal amount of up to CDN $975,000,000 ~~million~~ (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the coperating facility is CDN $(·);

Commented [A1]: Existing Balance to be confirmed with Cash Management.

AND WHEREAS the IESO and the OFA have now agreed to decrease the total principal amount of the operating facility from CDN ~~$975,000,000 million,000,000~~ to a principal amount of up to CDN $475,000,000 ~~million~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting " CDN $475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to CDN $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $XXXXX.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid note to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Insert amount once determined

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to CDN $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From: Sarah Harris
To: William Tan
Cc: Lisa Stein
Subject: RE: Amending Agreement 10
Date: Monday, June 26, 2017 10:50:23 AM

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Amending Agreement 10
Hi William,
I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.
Thanks,
Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10
Good morning Lisa,
Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Amending Agreement 10
Date: Monday, June 26, 2017 10:37:26 AM

Hi William,
I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.
Thanks,
Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: Amending Agreement 10
Good morning Lisa,
Please find the attached Amending Agreement No. 10. I have accepted your changes and made a couple minor changes. Please provide review and comment.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx
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****

From: Sarah Harris
To: William Tan
Subject: RE: Amending Agreement 10
Date: Monday, June 26, 2017 1:58:27 PM

Hi Will,
Just a note, in terms of the structure of an agreement, the recitals are all the beginning 'historical' phrases (i.e. the "whereas" sentences) that precede the actual amendments.
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 1:52 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: Amending Agreement 10
Please take "CDN" out of the references on the last page (amendments to agreement) as these are defined in the agreement. I don't need to review it again.

From: William Tan
Sent: Monday, June 26, 2017 1:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Amending Agreement 10
Hello Lisa,
I have made the revisions referenced below. Please review and comment.
Thanks,
Will

From: Sarah Harris
Sent: Monday, June 26, 2017 10:50 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
I think if you actually put CDN in all recital references, that would be good.
Thanks,
Sarah

From: Sarah Harris
Sent: Monday, June 26, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Amending Agreement 10
HI Will,
Would you please also add CDN in front of $475 million in the penultimate recital.
Also, in the 3rd recital, please insert the date of the grid note.
Thanks,
Sarah

From: Lisa Stein
Sent: Monday, June 26, 2017 10:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Amending Agreement 10

Hi William,

I'm okay with the amendments; however, you may want to consider using "0"s in the recitals instead of "million" for consistency with the language used in the agreement.

Thanks,

Lisa

From: William Tan
Sent: Monday, June 26, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10

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Thanks,

Will

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Sent: Tuesday, June 13, 2017 4:01 PM
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Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Bruno Amara
To:	Lisa Stein; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan
Subject:	RE: Credit facility
Date:	Monday, August 21, 2017 8:45:54 AM

…and I understand Malle will then transmit to DMO.

Bruno

From: Bruno Amara

Sent: Monday, August 21, 2017 8:44 AM

To: Lisa Stein ; Sarah Harris ; William Tan

Cc: Shajee Kathirgamanathan

Subject: Credit facility

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	Bruno Amara
To:	Sarah Harris
Cc:	William Tan; Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: Development
Date:	Tuesday, August 15, 2017 2:40:04 PM

Thanks Sarah

From: Sarah Harris
Sent: Tuesday, August 15, 2017 2:20 PM
To: Lisa Stein ; Bruno Amara
Cc: William Tan
Subject: Development

Hi Lisa and Bruno,

I was speaking to Anna Strathy about the date of the Minister's return (she thought August 31st, but was going to confirm), but she mentioned that if we need something signed, the Head of Treasury Board would be able to sign. I asked her if this included Minister Directives, and she asked that I send her details of the Directive and she would confirm.

This then made me think about the Lending Policy which states the exemption from the intercept provision could be provided by the Minister of Finance, Treasury Board or Cabinet. It would seem then that even if Head of Treasury Board does not have the delegated authority to sign for the Minister, the Head could still sign a directive on behalf of Treasury Board. I am not familiar with Treasury Board directives and perhaps I am oversimplifying, but it would seem that this may be a reasonable option.

Nevertheless, I am e-mailing Anna Strathy with the details of the Directive and will cc' you both.

Sarah

From:	Sarah Neville
To:	Sarah Harris; Caroline Swerdlyk
Cc:	William Tan
Subject:	RE: Directive signing
Date:	Thursday, August 31, 2017 10:55:15 AM

What is IESO's view on this? Can it wait until next week?
Sarah

From: Sarah Harris
Sent: Thursday, August 31, 2017 10:54 AM
To: Caroline Swerdlyk ; Sarah Neville
Cc: William Tan
Subject: FW: Directive signing
Hi Caroline and Sarah,
Please see current status of directive in yellow below.
Sarah H.

From: William Tan
Sent: Thursday, August 31, 2017 10:53 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Directive signing
fyi

From: John Kim
Sent: Thursday, August 31, 2017 10:52 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Directive signing
If it's our Minister, I expect early next week.
Stay tuned about today. I haven't given up.

From: William Tan
Sent: Thursday, August 31, 2017 9:28 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Directive signing
Good morning John,
I heard the bad news from Caroline that the directive did not get signed yesterday. Are you aware of any other options at this point?
If we waited for the minister to return from holiday, when would you suspect they would sign it?
Thanks,
Will

From: John Kim
Sent: Wednesday, August 30, 2017 1:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Directive signing
Yes, I did that…..can't push any further but fingers crossed.

From: William Tan
Sent: Wednesday, August 30, 2017 1:43 PM
To: John Kim <John.Kim@ofina.on.ca>

Subject: RE: Directive signing

Hi John,

I am not sure if it's too early to check the status of the signing of the directive?

Thanks,

Will

From: John Kim
Sent: Tuesday, August 29, 2017 3:31 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Directive signing

We missed the 2pm slot today. Will try again tomorrow.

From: John Kim
Sent: Tuesday, August 29, 2017 12:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Re: Directive signing

We will let you know. We are trying to facilitate this today but depends availability of time etc

Sent from my iPhone

On Aug 29, 2017, at 12:03 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello John,
>
> How do we know if the directive has been signed?
>
> Thanks,
>
> Will
>
> ---
>
> **From:** John Kim
> **Sent:** Friday, August 25, 2017 9:03 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** Directive signing
>
> Hi,
>
> Just to update you, we are aiming for alternate to sign on Tuesday.
>
> John
>
> Y. John Kim
> Director, Electricity Finance Branch
> Ontario Financing Authority
> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From:	John Kim
To:	William Tan
Cc:	Bruno Amara; Lisa Stein; Sarah Harris; Caroline Swerdlyk; Sarah Neville
Subject:	RE: Directive signing
Date:	Tuesday, August 29, 2017 3:31:13 PM

We missed the 2pm slot today. Will try again tomorrow.

From: John Kim
Sent: Tuesday, August 29, 2017 12:05 PM
To: William Tan
Cc: Bruno Amara ; Lisa Stein ; Sarah Harris ; Caroline Swerdlyk ; Sarah Neville
Subject: Re: Directive signing
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> John
> Y. John Kim
> Director, Electricity Finance Branch
> Ontario Financing Authority
> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From:	William Tan
To:	John Kim
Cc:	Bruno Amara; Lisa Stein; Sarah Harris; Caroline Swerdlyk; Sarah Neville
Subject:	RE: Directive signing
Date:	Tuesday, August 29, 2017 12:03:16 PM

Hello John,

How do we know if the directive has been signed?

Thanks,

Will

From: John Kim
Sent: Friday, August 25, 2017 9:03 AM
To: Sarah Harris ; Lisa Stein ; William Tan
Cc: Bruno Amara
Subject: Directive signing

Hi,

Just to update you, we are aiming for alternate to sign on Tuesday.

John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	Sarah Harris
To:	John Kim
Subject:	RE: Directive signing
Date:	Friday, August 25, 2017 9:08:08 AM

Thanks for the update, John.
Sarah

From: John Kim
Sent: Friday, August 25, 2017 9:03 AM
To: Sarah Harris ; Lisa Stein ; William Tan
Cc: Bruno Amara
Subject: Directive signing

Hi,
Just to update you, we are aiming for alternate to sign on Tuesday.
John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	Sarah Neville
To:	Sarah Harris; Caroline Swerdlyk
Cc:	William Tan
Subject:	RE: Directive signing
Date:	Thursday, August 31, 2017 10:55:58 AM

If there is real urgency to today's deadline we need to see what the options are to escalate.
Sarah

From: Sarah Harris
Sent: Thursday, August 31, 2017 10:54 AM
To: Caroline Swerdlyk ; Sarah Neville
Cc: William Tan
Subject: FW: Directive signing

Hi Caroline and Sarah,
Please see current status of directive in yellow below.
Sarah H.

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Sent: Thursday, August 31, 2017 10:53 AM
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fyi

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Subject: RE: Directive signing

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>
> John
>
> Y. John Kim
> Director, Electricity Finance Branch
> Ontario Financing Authority
> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From: Opal Kandelas
To: Sarah Harris
Subject: RE: Draft for review
Date: Thursday, August 10, 2017 10:43:58 AM

I will continue to review, but think the Act(s) that governs IESO and this new structure should provide some information re the first question you've directed to Ken. Also, marked a typo in the intercept provision.

From the OILC Act:

Agreement re appropriated funds

25 (1) This section applies where,

(a) a municipality or eligible public organization has borrowed money from the Corporation for a purpose prescribed under clause 36 (1) (a); and

(b) money has been appropriated by the Assembly for payment to the municipality or the eligible public organization. 2011, c. 9, Sched. 32, s. 25 (1).

Agreement re default

(2) As security for repayment, the municipality or the eligible public organization may agree in writing with the Corporation that in the event of default on repayment of the amount borrowed under clause (1) (a) or any portion of the amount borrowed, the Minister of Finance may deduct from the money mentioned in clause (1) (b) amounts not exceeding the amounts that the municipality or the organization fails to pay to the Corporation on account of the indebtedness. 2011, c. 9, Sched. 32, s. 25 (2).

From: Sarah Harris
Sent: Thursday, August 10, 2017 10:06 AM
To: Opal Kandelas
Subject: Draft for review

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption ~~form~~ from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the

existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will be delayed, likely for a number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (i)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Opal Kandelas
To: Sarah Harris
Subject: RE: Draft for review
Date: Thursday, August 10, 2017 10:43:58 AM

I will continue to review, but think the Act(s) that governs IESO and this new structure should provide some information re the first question you've directed to Ken. Also, marked a typo in the intercept provision.

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3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption ~~form~~ from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the

existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will be delayed, likely for a number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (i)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Sarah Harris
To: William Tan
Subject: RE: FHP CF delay email.
Date: Monday, August 14, 2017 3:51:57 PM

Thanks, Will.
Here's a shortened version. Please just check it for typos, as I revised it quickly.
Thanks,
Sarah

> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.*

From: William Tan
Sent: Monday, August 14, 2017 3:19 PM
To: Sarah Harris
Subject: FW: FHP CF delay email.

> *"Dear Anthony and Victor,*
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While constructing the new credit facility we became aware of a requirement under the OFA's Lending Policy which requires an acknowledgement by IESO in the new credit facility agreement. This acknowledgement would not be required in the new credit facility agreement if an additional minister directive is obtained by the OFA.*
> *I also want to make you aware that due to the internal process that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the particulars.*
> *Best regards,"*
> Will

From: William Tan
Sent: Friday, August 11, 2017 2:29 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP CF delay email.

Hello Sarah,

I am concurrently reviewing the FHP Credit Facility. Below is the draft email for Anthony and the general message to Anthony and Victor when we/I speak with them on the phone. I took parts of your email and parts of Lisa's email. Please review and comment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement.*
>
> *OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by OFA to public bodies, unless otherwise directed. As such, no further directly/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. We are now in the process of obtaining an exception through the Minister of Finance in the form of an internal directive.*
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> *I also want to make you aware that due to the internal process that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*

Best regards,"

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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> *Best regards,"*
> Will

From: William Tan
Sent: Friday, August 11, 2017 2:29 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP CF delay email.

Hello Sarah,

I am concurrently reviewing the FHP Credit Facility. Below is the draft email for Anthony and the general message to Anthony and Victor when we/I speak with them on the phone. I took parts of your email and parts of Lisa's email. Please review and comment.

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> *OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by OFA to public bodies, unless otherwise directed. As such, no further directly/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. We are now in the process of obtaining an exception through the Minister of Finance in the form of an internal directive.*
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Best regards,"

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement
Date: Friday, August 04, 2017 4:36:43 PM

Thanks for letting us know, Will.
Have a good weekend all.
FYI I will be back in the office on Wednesday.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 04, 2017 4:32 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement

Hello,
we expect to have a draft for you to review early next week.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued

Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Jean-Francois Beaupre
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Kelly Listoe
Subject:	RE: FHP Credit Facility Agreement
Date:	Tuesday, August 01, 2017 10:25:05 AM

Hi Lisa,
Using “unsecured Indebtedness” seems appropriate. Does IESO even have any subordinated debt?
Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 9:54 AM
To: Jean-Francois Beaupre
Cc: Sarah Harris ; William Tan ; Kelly Listoe
Subject: RE: FHP Credit Facility Agreement
Hi JF,
Following our discussion yesterday, I spoke briefly to Victor, who informed me that IESO’s only secured debt are the “Permitted Liens”. If we leave the language in section 3.3(5) as is (e.g. “unsubordinated Indebtedness of the IESO”) we may need to clarify that it is subject to these Permitted Liens. Alternatively, we could change the langue to read “unsecured Indebtedness” of the IESO, which in that case prevents a conflict with section 4.6, which is forward-looking and refers to secured debt.
Shall we discuss further?
Thanks,
Lisa

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: “direct, unsecured, unsubordinated obligations”.

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:45 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
> Hi Lisa,
> I can give you a call now from my cell if that works for you?
> Thanks,
> JF
>
> On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
>
> > Are you available for a brief call to discuss later this afternoon or tomorrow morning?
> >
> > **From:** Jean-Francois Beaupre
> > **Sent:** Friday, July 28, 2017 2:55 PM
> > **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> > **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> > **Subject:** RE: FHP Credit Facility Agreement
> > Hi Lisa,
> > Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for interest tracking purposes under the existing $975M agreement.
> > Many thanks,
> > JF
> >
> > **From:** Lisa Stein
> > **Sent:** Friday, July 28, 2017 2:49 PM
> > **To:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> > **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> > **Subject:** RE: FHP Credit Facility Agreement
> > Hi JF,
> > I'm in the process of working on the latest draft and I'm waiting to speak

to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me? Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.
Thanks,
Lisa

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 5:04 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,
One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.
Happy to discuss further.
Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Dear Lisa,
Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

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general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.
I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Jean-Francois Beaupre
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Kelly Listoe
Subject:	RE: FHP Credit Facility Agreement
Date:	Tuesday, August 01, 2017 10:25:05 AM

Hi Lisa,
Using “unsecured Indebtedness” seems appropriate. Does IESO even have any subordinated debt?
Thanks,
JF

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Cc:	Sarah Harris; Kelly Listoe; William Tan
Subject:	RE: FHP Credit Facility Agreement
Date:	Friday, July 28, 2017 4:27:57 PM

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Cc: Anthony Martinello
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: FHP Credit Facility Agreement
Date:	Friday, August 04, 2017 4:32:04 PM

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From: Lisa Stein
To: Jean-Francois Beaupre
Cc: Sarah Harris; Kelly Listoe; William Tan
Subject: RE: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:48:37 PM

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I’m checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Lisa Stein
To: William Tan
Cc: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject: RE: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:28:07 PM

Hi William,
I have reviewed the revised draft and there are a couple of drafting points that I would like to discuss with Victor. I will contact him directly prior to sending you a further draft.
Thank you,
Lisa

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FW: FHP Credit Facility Agreement
Dear Lisa,
Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."
Thanks,
Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
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Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
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1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition

of “Permitted Liens” is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

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Regards,

Victor

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From: Jean-Francois Beaupre
To: Lisa Stein
Cc: Sarah Harris; Sarah Neville; Kelly Listoe; William Tan
Subject: RE: FHP Credit Facility Agreement
Date: Thursday, July 27, 2017 5:03:33 PM

Hi Lisa,
One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.
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Regards,

Victor

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From:	Jean-Francois Beaupre
To:	William Tan; Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 1:56:40 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi Will,
I made a number of additional edits and am fine with you sending these comments to OFA Legal. Please indicated to Lisa the following:
"Dear Lisa, please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."
Thanks,
JF

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Sent: Thursday, July 27, 2017 1:27 PM
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Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi JF,
I have made the edits discussed in the meeting this morning. As discussed, I would have liked to go over my edits in in greater detail on my own before I send it to you. Unfortunately I have to put together the BSC package now. I am happy to discuss any further changes.
Thanks,
Will

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To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances or "Continued Advance" as defined in Section 3.3(1).

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB5]: We defer to OFA Legal and Electricity Branch on this matter.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT7]: Changed for consistency. In italics in Schedule 3.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

Commented [JB8]: We defer to OFA Legal on this matter

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT9]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~ ~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the sServices (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ ~~not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB10]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Jean-Francois Beaupre
To:	William Tan; Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 1:56:40 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi Will,
I made a number of additional edits and am fine with you sending these comments to OFA Legal. Please indicated to Lisa the following:
"Dear Lisa, please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."
Thanks,
JF

From: William Tan
Sent: Thursday, July 27, 2017 1:27 PM
To: Jean-Francois Beaupre ; Kelly Listoe
Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi JF,
I have made the edits discussed in the meeting this morning. As discussed, I would have liked to go over my edits in in greater detail on my own before I send it to you. Unfortunately I have to put together the BSC package now. I am happy to discuss any further changes.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I

provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances or "Continued Advance" as defined in Section 3.3(1).

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB5]: We defer to OFA Legal and Electricity Branch on this matter.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

Commented [JB8]: We defer to OFA Legal on this matter

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT9]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~ ~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the sServices (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ ~~not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB10]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 1:27:21 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi JF,
I have made the edits discussed in the meeting this morning. As discussed, I would have liked to go over my edits in in greater detail on my own before I send it to you. Unfortunately I have to put together the BSC package now. I am happy to discuss any further changes.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan ; Kelly Listoe
Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:
1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we

did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed. I don't have a strong opinion on this.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: (k) should be deleted because this is captured in Section (j) above under "other".

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

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Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

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Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any money~~s~~ or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneyies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A1IY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Commented [WT11]: JF,

This should be "Grid" is not a defined term. Should be "Grid Note".

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 1:27:21 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hi JF,
I have made the edits discussed in the meeting this morning. As discussed, I would have liked to go over my edits in in greater detail on my own before I send it to you. Unfortunately I have to put together the BSC package now. I am happy to discuss any further changes.
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Wednesday, July 26, 2017 3:55 PM
To: William Tan ; Kelly Listoe
Cc: Sarah Harris
Subject: RE: FHP Credit Facility Agreement
Hi Will and Kelly,
Please send me your comments on the revised draft agreement by 10:30am tomorrow morning. I would then like to schedule a meeting with you at 11:00am to discuss and will have my own comments ready by then as well.
Thanks,
J-F

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement
Hello Lisa,
I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement
Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:
1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we

did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed. I don't have a strong opinion on this.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, I don't see a reason why it should be a defined term.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: (k) should be deleted because this is captured in Section (j) above under "other".

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We don't include this in any of our debt issuances. Is this necessary?

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT7]: Changed for consistency. In italics in Schedule 3.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT8]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [WT9]: Agreed.

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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Commented [WT10]: Reasonable request. I'm okay to accept this change.
IESO existing credit facility uses "notice in writing".
OPG $700mm credit facility does not use "notice in writing"
OILC Long Term Credit Facility uses "notice in writing.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any money~~s~~ or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneyies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A1IY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: FHP Credit Facility Agreement
Date:	Friday, August 04, 2017 4:32:04 PM

Hello,
we expect to have a draft for you to review early next week.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan
Cc: Anthony Martinello
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)
2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.
3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at

OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement
Date: Wednesday, July 26, 2017 8:30:30 AM

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
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To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

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I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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william.tan@ofina.on.ca

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sender immediately and delete this e-mail message.

From:	Bruno Amara
To:	Lisa Stein
Cc:	William Tan; Sarah Harris; Jean-Francois Beaupre
Subject:	RE: FHP Credit Facility Agreement
Date:	Wednesday, August 02, 2017 11:13:26 AM

OK Thanks Lisa
Bruno

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:12 AM
To: Bruno Amara
Cc: William Tan ; Sarah Harris ; Jean-Francois Beaupre
Subject: FW: FHP Credit Facility Agreement

Hi Bruno,
The e-mail chain below, and esp. the e-mail from Victor Buza (IESO) may shed some light on your questions, specifically with respect to the "permitted liens" and the negative pledge. Please review and then let me know if you would like to discuss further.
Thank you,
Lisa

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: "direct, unsecured, unsubordinated obligations".

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

I'm just on another call. Can you call me around 4 on my cell?

From: Jean-Francois Beaupre
Sent: Monday, July 31, 2017 3:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP Credit Facility Agreement

Hi Lisa,

I can give you a call now from my cell if that works for you?

Thanks,

JF

On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Are you available for a brief call to discuss later this afternoon or tomorrow morning?
>
> **From:** Jean-Francois Beaupre
> **Sent:** Friday, July 28, 2017 2:55 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi Lisa,
>
> Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for interest tracking purposes under the existing $975M agreement.
>
> Many thanks,
>
> JF
>
> **From:** Lisa Stein
> **Sent:** Friday, July 28, 2017 2:49 PM
> **To:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi JF,
>
> I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me? Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.
>
> Thanks,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 5:04 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.

Happy to discuss further.

Many thanks,

Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.
Regards,
Victor

Victor Buza | Senior Counsel
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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement
Date: Friday, August 04, 2017 4:36:43 PM

Thanks for letting us know, Will.
Have a good weekend all.
FYI I will be back in the office on Wednesday.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 04, 2017 4:32 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement

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we expect to have a draft for you to review early next week.
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Cc: Anthony Martinello
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From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:19:04 AM

Thank you Will.
This is a good email and I am glad to see that you are taking ownership and trying to move this file forward. I agree that OFA Legal is getting bogged down with details which present little to no risk to the OFA – Lenin and Kelly have both expressed similar concerns about this in their previous dealing with certain folks at OFA Legal.
Regards,
JF

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein ; Bruno Amara
Cc: Tobias P. Whitfield (MOF) ; Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FHP Credit Facility outstanding issues

Good morning all,
We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.
I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.
https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html
Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances

(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.
It's important that we get this document out to IESO today.

I am available all day today if you need me to join or arrange a call.

Best regards,

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From:	Lisa Stein
To:	William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF); Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:16:46 AM

I'm currently working with Toby from MOF Legal on these issues. I'm aiming for a draft by the end of day today, but I cannot guarantee it at this time.

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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From:	Lisa Stein
To:	William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF); Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:16:46 AM

I'm currently working with Toby from MOF Legal on these issues. I'm aiming for a draft by the end of day today, but I cannot guarantee it at this time.

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein ; Bruno Amara
Cc: Tobias P. Whitfield (MOF) ; Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FHP Credit Facility outstanding issues

Good morning all,

We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.

I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.

https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances

(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.

It's important that we get this document out to IESO today.

I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA
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From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:19:04 AM

Thank you Will.

This is a good email and I am glad to see that you are taking ownership and trying to move this file forward. I agree that OFA Legal is getting bogged down with details which present little to no risk to the OFA – Lenin and Kelly have both expressed similar concerns about this in their previous dealing with certain folks at OFA Legal.

Regards,
JF

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 12:42:25 PM

Hello Anthony and Victor,
Just a quick follow-up on my last e-mail.
My apologies - I don't want to appear as though I am 'editing' your excerpt of your board resolution.
I just noted that an extra 4th 'and whereas' in the excerpt; I'm not sure if that was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
We look forward to any questions or comments on the most recent drafts of either of the agreements and I remain available for any questions.
Thanks,
Will

From: William Tan
Sent: Monday, August 21, 2017 10:24 AM
To: 'Victor Buza'
Cc: 'Anthony Martinello' ; Sarah Harris ; Lisa Stein
Subject: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
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Sent: Friday, August 18, 2017 5:23 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
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(i) the form of extract of board resolution and
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for your approval prior to us finalizing and executing those documents.
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Regards,
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To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
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Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

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FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

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Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:53:15 AM

Hi Sarah,
I think the resolution should be executed prior to the execution of the agreements, whether on the same date or a prior date. Are you saying that for provincial agreements the certificates are dated the same date? Is this to ensure that they have not been superceded?
Lisa

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Sent: Monday, August 21, 2017 10:37 AM
To: Lisa Stein ; William Tan
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Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:37:17 AM

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

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From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
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Execute:
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FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

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Independent Electricity System Operator (IESO) | T: 905-403-6944
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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Sarah Harris
To:	Lisa Stein; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:37:17 AM

Will,
I think you can note to Anthony that you saw an extra 'whereas' in their excerpt of the board resolution - that you're not sure if it was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
Lisa – Does OFA Legal usually require such certificate to be dated the date of execution of the agreements? We usually require that for our Provincial agreements, but not sure if this is something OFA Legal would require for this OFA agreement with IESO.
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From:	Sarah Harris
To:	William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 12:14:35 PM

Hi Will,
I think you can simplify the e-mail.
To clarify, the resolution was already passed in June. They are quoting sections for the certification, so the opening and closing quotes should be there. That's why Lisa said you shouldn't be editing their resolution; it's a completed document. You can simplify and 'de-formalize' your e-mail as follows
"Hello Anthony and Victor,
Just a quick follow-up on my last e-mail.
My apologies - I don't want to appear as though I am 'editing' your excerpt of your board resolution. I just noted that an extra 4th 'and whereas' in the excerpt; I'm not sure if that was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
We look forward to any questions or comments on the most recent drafts of either of the agreements and I remain available for any questions.
Thanks,
Will"

From: William Tan
Sent: Monday, August 21, 2017 11:58 AM
To: Sarah Harris
Subject: FW: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Hi Sarah,
Below is a draft email I intend to send Anthony and Victor. Do you mind reviewing it? I will remove the comments between Lisa and yourself before I send it. thanks.
Hello Anthony and Victor,
I wish to clarify if the following order of the execution of the documents and the signatures dates do avoid any potential issues? Resolution of the Board of Directors and Incumbency Certificate are executed prior or on the same date as the agreements.
Also, I was informed that we should not be "editing" your resolution. To clarify I noticed the following:

- Extra opening quotation on the title.
- A potential extra 4th "and whereas".
- A missing colon at the end of 2 (a).
- Extra closing quotation at the end of 2 (c).

Thanks,
Will

From: Lisa Stein
Sent: Monday, August 21, 2017 11:02 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
Sent: Monday, August 21, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Lisa,

Yes, that is usually the approach we strive for, especially for external counterparties.

We have more flexibility with public bodies, so I have shown more flexibility there, depending on the circumstances (we tend to be a little more flexible, for example, with IO). For IESO, dating the cert prior to the execution date is fine with me, if that works for you.

Sarah

From: Lisa Stein
Sent: Monday, August 21, 2017 10:53 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Sarah,

I think the resolution should be executed prior to the execution of the agreements, whether on the same date or a prior date. Are you saying that for provincial agreements the certificates are dated the same date? Is this to ensure that they have not been superceded?

Lisa

From: Sarah Harris
Sent: Monday, August 21, 2017 10:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Sent: Monday, August 14, 2017 4:18 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

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From:	Sarah Harris
To:	William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 12:14:35 PM

Hi Will,
I think you can simplify the e-mail.
To clarify, the resolution was already passed in June. They are quoting sections for the certification, so the opening and closing quotes should be there. That's why Lisa said you shouldn't be editing their resolution; it's a completed document. You can simplify and 'de-formalize' your e-mail as follows
"Hello Anthony and Victor,
Just a quick follow-up on my last e-mail.
My apologies - I don't want to appear as though I am 'editing' your excerpt of your board resolution. I just noted that an extra 4th 'and whereas' in the excerpt; I'm not sure if that was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
We look forward to any questions or comments on the most recent drafts of either of the agreements and I remain available for any questions.
Thanks,
Will"

From: William Tan
Sent: Monday, August 21, 2017 11:58 AM
To: Sarah Harris
Subject: FW: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Hi Sarah,
Below is a draft email I intend to send Anthony and Victor. Do you mind reviewing it? I will remove the comments between Lisa and yourself before I send it. thanks.
Hello Anthony and Victor,
I wish to clarify if the following order of the execution of the documents and the signatures dates do avoid any potential issues? Resolution of the Board of Directors and Incumbency Certificate are executed prior or on the same date as the agreements.
Also, I was informed that we should not be "editing" your resolution. To clarify I noticed the following:

- Extra opening quotation on the title.
- A potential extra 4th "and whereas".
- A missing colon at the end of 2 (a).
- Extra closing quotation at the end of 2 (c).

Thanks,
Will

From: Lisa Stein
Sent: Monday, August 21, 2017 11:02 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
Sent: Monday, August 21, 2017 10:58 AM
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Hi Lisa,

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We have more flexibility with public bodies, so I have shown more flexibility there, depending on the circumstances (we tend to be a little more flexible, for example, with IO). For IESO, dating the cert prior to the execution date is fine with me, if that works for you.

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Incumbency Certificate
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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 12:42:25 PM

Hello Anthony and Victor,
Just a quick follow-up on my last e-mail.
My apologies - I don't want to appear as though I am 'editing' your excerpt of your board resolution.
I just noted that an extra 4th 'and whereas' in the excerpt; I'm not sure if that was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
We look forward to any questions or comments on the most recent drafts of either of the agreements and I remain available for any questions.
Thanks,
Will

From: William Tan
Sent: Monday, August 21, 2017 10:24 AM
To: 'Victor Buza'
Cc: 'Anthony Martinello' ; Sarah Harris ; Lisa Stein
Subject: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Good morning Victor,
Please find the attached Resolution of the Board of Directors with minor edits. No comments on the Incumbency Certificate.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, August 18, 2017 5:23 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Understood Will. Thanks.
FYI, I was under the impression that we had forwarded
(i) the form of extract of board resolution and
(ii) the form of incumbency certificate
for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the

signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
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From: Lisa Stein
To: "Victor Buza"
Cc: William Tan; Sarah Harris; Jean-Francois Beaupre
Subject: RE: FHP credit facility agreement - further amendments
Date: Wednesday, August 02, 2017 2:27:39 PM

Hi Victor,

We are okay with this practice and will include a note to the Form of Borrowing Notice in the next draft of the agreement to specify sub-categories. We are aiming to send you a revised draft by end of day tomorrow.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing

notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan
Subject:	RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date:	Friday, August 18, 2017 1:20:18 PM
Attachments:	Blackline - FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

---

Of course, Lisa…sorry. Please see attached black-lined version. I also fixed up some punctuation.
Sarah

From: Lisa Stein
Sent: Friday, August 18, 2017 12:17 PM
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Sarah,
It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.
Thanks,
Lisa

From: Sarah Harris
Sent: Friday, August 18, 2017 9:57 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with

financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance~~;~~, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance~~; and, (d) the IESO sub-category of borrowing purpose, if applicable.~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or

any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s~~):~~) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) [indicate amount], [specifying IESO sub-categories of borrowing purposes as applicable]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].
(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:
i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.
(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and~~; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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Formatted: List Paragraph

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 12:16:37 PM

Hi Sarah,
It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.
Thanks,
Lisa

From: Sarah Harris
Sent: Friday, August 18, 2017 9:57 AM
To: Lisa Stein
Cc: William Tan
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well
I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
As discussed.

From: Lisa Stein
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 12:16:37 PM

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It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.
Thanks,
Lisa

From: Sarah Harris
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Cc: William Tan
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
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I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
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Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
As discussed.

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan
Subject:	RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date:	Friday, August 18, 2017 1:20:18 PM
Attachments:	Blackline - FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

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Of course, Lisa…sorry. Please see attached black-lined version. I also fixed up some punctuation.
Sarah

From: Lisa Stein
Sent: Friday, August 18, 2017 12:17 PM
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Sarah,
It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.
Thanks,
Lisa

From: Sarah Harris
Sent: Friday, August 18, 2017 9:57 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with

financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance~~;~~, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance~~; and, (d) the IESO sub-category of borrowing purpose, if applicable.~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or

any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s~~):~~) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) [indicate amount], [specifying IESO sub-categories of borrowing purposes as applicable]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].
(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:
i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.
(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and~~; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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Formatted: List Paragraph

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 17, 2017 12:35:08 PM
Attachments:	image001.png FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Hi Lisa,

I have made the appropriate tweaks. We have made some changes to reflect the actual practice of advancement of funds in:

3.2 – Procedure of Funds and Schedule 1

3.3 Elections Regarding Advances and Schedule 2.

Let me know when you have a moment and I can come over and show you if you have any questions.

Thanks,

Will

From: William Tan
Sent: Thursday, August 17, 2017 9:23 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Please hold-off on reviewing the FHP for the moment. Sarah and I are going to make a tweak to the FHP agreement.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.

3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest.

Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.

If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; ~~, and~~ (b) the principal amount of the Advance; ~~, and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and (d) ~~.~~ the indicated amount and subcategory of borrowing purpose. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies (b) the new aggregate total amount of the proposed Continued Advance, previous principal amount of Advance and accrued interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Formatted: List Paragraph

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 17, 2017 9:23:11 AM
Attachments: image001.png

Hi Lisa,
Please hold-off on reviewing the FHP for the moment. Sarah and I are going to make a tweak to the FHP agreement.
Thanks,
Will

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Lisa,
Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.
3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Yes, you are correct, they may do so. Can you please clarify your drafting question?
Thanks,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

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Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.

If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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Legal Counsel
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Date: Wednesday, August 16, 2017 5:31:09 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx
image001.png
RRRP Rollover Notice with advance.pdf

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If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?
Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.
"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,
Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
Have a great weekend!
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty

or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Formatted: List Paragraph

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 5:31:09 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx
image001.png
RRRP Rollover Notice with advance.pdf

Hi Lisa,
Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.
3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hi Will,
Yes, you are correct, they may do so. Can you please clarify your drafting question?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Hello Lisa,
I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.
I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest.
Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.

If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?
Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.
"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,
Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
Have a great weekend!
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty

or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Formatted: List Paragraph

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Wednesday, August 16, 2017 2:54:33 PM

Hi Will,
Yes, you are correct, they may do so. Can you please clarify your drafting question?
Thanks,
Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,
I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.
I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.? Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.
"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,
Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
Have a great weekend!
Lisa
Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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****

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 10, 2017 10:21:31 AM

Thank you, Lisa. Understood.
Sarah

From: Lisa Stein
Sent: Thursday, August 10, 2017 9:58 AM
To: Sarah Harris
Cc: William Tan ; Tobias P. Whitfield (MOF) ; Bruno Amara
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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Sarah

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****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 17, 2017 12:35:08 PM
Attachments:	image001.png FHP credit facility agreement draft Aug 4 OFA Legal.docx

---

Hi Lisa,

I have made the appropriate tweaks. We have made some changes to reflect the actual practice of advancement of funds in:

3.2 – Procedure of Funds and Schedule 1

3.3 Elections Regarding Advances and Schedule 2.

Let me know when you have a moment and I can come over and show you if you have any questions.

Thanks,

Will

From: William Tan
Sent: Thursday, August 17, 2017 9:23 AM
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Please hold-off on reviewing the FHP for the moment. Sarah and I are going to make a tweak to the FHP agreement.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.

3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

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Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; ~~, and~~ (b) the principal amount of the Advance; ~~, and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and (d) ~~.~~ the indicated amount and subcategory of borrowing purpose. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies (b) the new aggregate total amount of the proposed Continued Advance, previous principal amount of Advance and accrued interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Formatted: List Paragraph

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Bruno Amara
To:	William Tan
Cc:	Salman Qadir; Gavin He; Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 4:43:00 PM

Thanks Will
We will review.
Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara
Cc: Salman Qadir ; Gavin He ; Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,
We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.
Specifically:
Clean Energy Adjustment
Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.
Section 2.2 Use of Proceeds
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,
Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.
Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Jean-Francois Beaupre
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 4:08:21 PM

Hi Will,
If you put it in square brackets instead of "ex" I am good and you can forward to the electricity folks.
Thanks,
JF

From: William Tan
Sent: Tuesday, August 01, 2017 3:35 PM
To: Jean-Francois Beaupre
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In this version I have replied to Lisa's comments. I will have to get Electricity Finance to provide their comments to their respective sections before I present this draft to OFA Legal.
Thanks,
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From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 3:33:57 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre
Cc:	Sarah Harris; Kelly Listoe
Subject:	RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 3:33:57 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hello JF,

Please find the attached FHP Credit Facility Agreement. I have added the placeholder language in the borrowing and election notices and added it as a defined term. I noticed the forms sent to Carlos included additional language "IESO confirms it will also be paying interest in the amount of $22,950.27" (which I included as well).

In this version I have replied to Lisa's comments. I will have to get Electricity Finance to provide their comments to their respective sections before I present this draft to OFA Legal.

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan
Cc: Sarah Harris ; Kelly Listoe
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,

JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT6]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS7]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT8]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS9]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT10R9]: Defer to Electricity Finace for decision to include (k).

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Commented [WT11]: IESO to input the definition of RPP.

Commented [WT12]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB13]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS14]: Business decision – defer to Electricity Branch

Commented [LS15]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT16R15]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT17]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS18]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS19]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT20]: Changed for consistency. In italics in Schedule 3.

Commented [LS21]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB22]: We defer to OFA Legal on this matter

Commented [LS23]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT24]: To be confirmed.

Commented [LS25]: By whom? This language is standard.

Commented [WT26R25]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB27]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS28]: Previous wording okay. Why the change?

Commented [WT29R28]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Commented [LS30]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT31R30]: Mike Manning Capital Markets approved this. I can send you the approval email.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
ex: Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Bruno Amara
To:	William Tan
Cc:	Salman Qadir; Gavin He; Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 4:43:00 PM

Thanks Will
We will review.
Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara
Cc: Salman Qadir ; Gavin He ; Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,
We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.
Specifically:
Clean Energy Adjustment
Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.
Section 2.2 Use of Proceeds
Thanks,
Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,
Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.
Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO. Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Jean-Francois Beaupre; Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: FHP matter
Date:	Thursday, August 03, 2017 2:28:43 PM

From: William Tan
Sent: Thursday, August 03, 2017 2:27 PM
To: Tobias P. Whitfield (MOF)
Subject: FHP matter

Hi Toby,

Can you give me a call when you have a moment? Its regarding Lisa's email.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Tobias P. Whitfield (MOF); Lisa Stein; Bruno Amara
Cc:	Kelly Listoe; Jean-Francois Beaupre; Sarah Harris
Subject:	RE: FHP subcategories
Date:	Friday, August 04, 2017 9:41:16 AM

Fyi, RE: permitted leins (k)

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 04, 2017 9:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: FHP subcategories

William,

Yes the list below are current examples of programs under/part of the FHP.
I would caution that there may be more too such as "Funding Rebates", and there are current discussions about potential new regulations under FH Act still being contemplated/discussed by gov't lawyers.
I would prefer that we keep the language in our debt agreement to reference activities under the FH Act….since there may be new regulations, amendments to FH regulations, or new programs that may be set up.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 03, 2017 4:51 PM
To: Anthony Martinello
Subject: FHP subcategories

Hi Anthony,

Is the list below a basic list of programs that would be a part of FHP Permitted Liens (k)? if yes, is there a more exhaustive list?

Broadening Distribution Rate Protection

RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs.

About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.

Expanding the OESP

The OESP[na01.safelinks.protection.outlook.com] is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who

use electric heat or certain electrically intensive medical devices.

Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

Providing a First Nations On-Reserve Delivery Credit

In 2016, the Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.

As a result of recommendations from the OEB, the government plans to eliminate the delivery charge for all on-reserve First Nations residential customers and remove the monthly service charge for customers of licensed distributors which charge a bundled rate.

The Fair Hydro Act, 2017 would, if passed, enable the above initiatives. In addition, an Affordability Fund has been established. No legislative amendments were required for this fund.

Establishing an Affordability Fund

Ontario has established an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.

The Province is paying for the Affordability Fund through provincial revenues.

Energy Sector Efficiencies

The Ontario government has commenced work on the next Long-Term Energy Plan (LTEP).

Ontario is in a strong electricity supply situation and well-positioned to meet demand at this time. The LTEP process is designed to be iterative and flexible and only commit resources as demand needs become clearer. The Province is committed to continuing to put conservation first in its energy planning decisions, where cost-effective.

When new electricity supply is needed, the next LTEP would ensure that future procurements are focused on outcomes, rather than contracting with specific technologies. This technology-neutral approach would foster innovation and create competition. This approach is expected to lower the cost of electricity supply.

The OEB will identify opportunities for cost efficiencies by:

Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small to medium-sized utilities.

Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that LDCs indicate are creating pressures on operating expenses.

Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.

The IESO and partners have begun a market renewal project to enhance efficiency and performance of the wholesale electricity market.

Changes related to the IESO's market renewal initiatives are estimated to save at least $200 million per year, starting in 2021.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Capital Markets Division | Ontario Financing Authority
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dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Caroline Swerdlyk
To:	William Tan
Cc:	Sarah Harris; Sarah Neville
Subject:	RE: GRID note to be placed at the back of the FHP Agreement
Date:	Wednesday, August 30, 2017 9:35:27 AM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup).docx FHP credit facility agreement draft (Aug 30 draft - compare to IESO Aug 28).docx

Hi Will,

I am attaching the latest version of the draft agreement (markup version, and showing changes to the IESO's last version).

I am going to ask if you can insert the current form of Grid note. It would take me a while to figure out the formatting, or how to copy an excel table into a Word document. Let me know if you have any concerns.

Thanks,

Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 9:26 AM
To: Caroline Swerdlyk
Cc: Sarah Harris ; Sarah Neville
Subject: GRID note to be placed at the back of the FHP Agreement

Hello Caroline,

If you have a moment, please insert the attached form of Grid note to be placed at the back of the FHP Agreement.

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3)., Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable);~~ and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

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(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default

has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB4]: this is the accepted usage

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any)~~, being a Business Day~~,~~ (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

~~(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].~~

~~(b)~~(c~~b~~e) The IESO will pay on the C~~c~~urrent Repayment Date the following amount with respect to the Advances~~s~~ (if any): $_____

~~i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].~~

~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.~~

~~(c)~~(cd) ~~The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~

~~i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; andand,~~

~~ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and.~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The N~~n~~ew Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

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Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued;~~and (d~~) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

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rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600

Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~, and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election~~ and new Advance (if any),~~ being a Business Day~~,~~ (being the Current Repayment Date) is _____.

~~(b) The IESO will pay on the current Repayment Date the following amounts (if any):~~

~~i. The amount of interest with respect to the previous Advance is $_____ [Insert interest amount to be paid on current Repayment Date].~~

(b~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____~~.

~~(c~~) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____;
and

~~ii.~~ ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____;~~ ~~and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____~~.

~~(c)The new~~
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

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(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

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Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Commented [CS8]: [NTD: to be replaced with current template Grid Note]

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Caroline Swerdlyk
To:	William Tan
Cc:	Sarah Harris; Sarah Neville
Subject:	RE: GRID note to be placed at the back of the FHP Agreement
Date:	Wednesday, August 30, 2017 9:35:27 AM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup).docx FHP credit facility agreement draft (Aug 30 draft - compare to IESO Aug 28).docx

Hi Will,

I am attaching the latest version of the draft agreement (markup version, and showing changes to the IESO's last version).

I am going to ask if you can insert the current form of Grid note. It would take me a while to figure out the formatting, or how to copy an excel table into a Word document. Let me know if you have any concerns.

Thanks,

Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 9:26 AM
To: Caroline Swerdlyk
Cc: Sarah Harris ; Sarah Neville
Subject: GRID note to be placed at the back of the FHP Agreement

Hello Caroline,

If you have a moment, please insert the attached form of Grid note to be placed at the back of the FHP Agreement.

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3)., Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [CS2]: Correction to a cross-reference

(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable);~~ and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

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Commented [CS3]: Re-ordered bullets to match order in Election Notice

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(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default

has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any)~~, being a Business Day~~,~~ (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

~~(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].~~

~~(b)~~(c~~b~~e) The IESO will pay on the C~~c~~urrent Repayment Date the following amount with respect to the Advances~~s~~ (if any): $_____

~~i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].~~

~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.~~

~~(c)~~(cd) ~~The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~

~~i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; andand,~~

~~ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and.~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The N~~n~~ew Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

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Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued;~~and (d~~) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

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rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600

Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~, and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election~~ and new Advance (if any),~~ being a Business Day~~,~~ (being the Current Repayment Date) is _____.

~~(b) The IESO will pay on the current Repayment Date the following amounts (if any):~~

~~i. The amount of interest with respect to the previous Advance is $_____ [Insert interest amount to be paid on current Repayment Date].~~

(b~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____~~.

~~(c~~) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____;
and

~~ii.~~ ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____;~~ ~~and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____~~.

~~(c)The new~~
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

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Commented [CS7]: Moved up to (b)

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

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Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Commented [CS8]: [NTD: to be replaced with current template Grid Note]

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

To:	Caroline Swerdlyk; William Tan
Cc:	Sarah Neville
Subject:	RE: GRID note to be placed at the back of the FHP Agreement
Date:	Wednesday, August 30, 2017 9:45:00 AM

Thanks for the changes, Caroline. They look good to me.
Will -

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 9:35 AM
To: William Tan
Cc: Sarah Harris ; Sarah Neville
Subject: RE: GRID note to be placed at the back of the FHP Agreement

Hi Will,
I am attaching the latest version of the draft agreement (markup version, and showing changes to the IESO's last version).
I am going to ask if you can insert the current form of Grid note. It would take me a while to figure out the formatting, or how to copy an excel table into a Word document. Let me know if you have any concerns.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 9:26 AM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: GRID note to be placed at the back of the FHP Agreement

Hello Caroline,
If you have a moment, please insert the attached form of Grid note to be placed at the back of the FHP Agreement.
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Salman Qadir
Cc:	Sarah Harris; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 11:07:00 AM

Okay thank you Salman. Once the amending agreement is completed, they will not be able to draw down more than the $475 million. Ideally, this agreement will be executed before they exceed this amount. Please let me know if you would like to discuss further.

From: Salman Qadir
Sent: Friday, June 30, 2017 11:05 AM
To: Lisa Stein
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

I don't have any precedents and only came to this conclusion based on what I've seen (and if we're really really worried, which I, myself, am not). I think its best to wait until we get closer to the date before making any significant changes – at best, we will get the amending agreement completed next week at the $475 million level without it being breached. Sarah H's group is doing the agreement, so my involvement has been minimal at the moment and only offering a suggestion if we are really concerned.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:58 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Do you have a precedent for such an amending agreement? I'm happy to draft such amendments or review a black-line. Or, should we wait on revising the amending agreement until closer to the time (to see how much has been drawn down)? Please advise how you would like to proceed.

Thank you,
Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa.

I will send an FYI to Carlos as I believe CMD processes their borrowing requests – and that can be an initial flag that the amount outstanding is approaching the $475 million.

Alternatively (just a thought based on what I have seen in the past): the amending agreement, since the amount is being reduced, should include a clause that if there is an amount outstanding above the new reduced credit limit ($475 million), IESO must repay within X business days (i.e. 3 business days). It can even go more strict that non-payment would constitute an event of default,

furthermore, cross-default on all OFA credit facilities, which would include the $2 billion facility and hence, would stop any advances on all facilities.
I'll defer to others on this that may have more expertise in the matter, but I think we should be okay.
Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:25 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Salman. I note that IESO's e-mail states that they are not 100% sure that they will NOT exceed the $475million. Please watch this amount carefully prior to the execution of the agreements as further amendments and internal approvals may be required if this is the case (as I've noted below and at our meeting).
Another option as discussed would be to ask IESO to sign an undertaking that they will not exceed the $475 million; however, given the e-mail below, it is unlikely that they will agree to this approach.
Happy to discuss further,
Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:03 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa – will do.
Please see attached, the email from IESO.
Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 3:19 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,
Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.
I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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****

From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,

Salman

From: Lisa Stein
To: Salman Qadir
Cc: Sarah Harris; Bruno Amara; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister"s Directive
Date: Thursday, June 29, 2017 3:18:36 PM

Hi Salman,

Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.

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To:	Lisa Stein
Cc:	Sarah Harris; Bruno Amara; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 10:36:27 AM

Thanks Lisa.
I will send an FYI to Carlos as I believe CMD processes their borrowing requests – and that can be an initial flag that the amount outstanding is approaching the $475 million.
Alternatively (just a thought based on what I have seen in the past): the amending agreement, since the amount is being reduced, should include a clause that if there is an amount outstanding above the new reduced credit limit ($475 million), IESO must repay within X business days (i.e. 3 business days). It can even go more strict that non-payment would constitute an event of default, furthermore, cross-default on all OFA credit facilities, which would include the $2 billion facility and hence, would stop any advances on all facilities.
I'll defer to others on this that may have more expertise in the matter, but I think we should be okay.
Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:25 AM
To: Salman Qadir
Cc: Sarah Harris ; Bruno Amara ; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister's Directive
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Happy to discuss further,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO $2B Credit Facility - Minister's Directive
Hi Lisa,
The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?
Thank you again for your help with this,
Salman

From:	Lisa Stein
To:	Salman Qadir
Cc:	Sarah Harris; Bruno Amara; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 10:24:35 AM

Thanks Salman. I note that IESO's e-mail states that they are not 100% sure that they will NOT exceed the $475million. Please watch this amount carefully prior to the execution of the agreements as further amendments and internal approvals may be required if this is the case (as I've noted below and at our meeting).
Another option as discussed would be to ask IESO to sign an undertaking that they will not exceed the $475 million; however, given the e-mail below, it is unlikely that they will agree to this approach.
Happy to discuss further,
Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:03 AM
To: Lisa Stein
Cc: Sarah Harris ; Bruno Amara ; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister's Directive
Thanks Lisa – will do.
Please see attached, the email from IESO.
Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 3:19 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.
I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).
Thank you,
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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
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Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: IESO $2B Credit Facility - Minister's Directive

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From: Salman Qadir
To: Lisa Stein
Cc: Sarah Harris; Bruno Amara; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister"s Directive
Date: Friday, June 30, 2017 10:02:45 AM
Attachments: RE IESO OFA new FH credit facility.msg

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To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 12:35:18

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line. The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]
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From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Thursday, June 29, 2017 3:54:18 PM

Thank you, Salman.
Sarah

From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein
Cc: Sarah Harris ; Bruno Amara
Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,
The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?
Thank you again for your help with this,
Salman

From:	Sarah Harris
To:	Salman Qadir
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Thursday, June 29, 2017 3:54:18 PM

Thank you, Salman.
Sarah

From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein
Cc: Sarah Harris ; Bruno Amara
Subject: IESO $2B Credit Facility - Minister's Directive

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Thank you again for your help with this,
Salman

From:	Lisa Stein
To:	Salman Qadir
Cc:	Sarah Harris; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 11:07:00 AM

Okay thank you Salman. Once the amending agreement is completed, they will not be able to draw down more than the $475 million. Ideally, this agreement will be executed before they exceed this amount. Please let me know if you would like to discuss further.

From: Salman Qadir
Sent: Friday, June 30, 2017 11:05 AM
To: Lisa Stein
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

I don't have any precedents and only came to this conclusion based on what I've seen (and if we're really really worried, which I, myself, am not). I think its best to wait until we get closer to the date before making any significant changes – at best, we will get the amending agreement completed next week at the $475 million level without it being breached. Sarah H's group is doing the agreement, so my involvement has been minimal at the moment and only offering a suggestion if we are really concerned.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:58 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Do you have a precedent for such an amending agreement? I'm happy to draft such amendments or review a black-line. Or, should we wait on revising the amending agreement until closer to the time (to see how much has been drawn down)? Please advise how you would like to proceed.

Thank you,
Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa.

I will send an FYI to Carlos as I believe CMD processes their borrowing requests – and that can be an initial flag that the amount outstanding is approaching the $475 million.

Alternatively (just a thought based on what I have seen in the past): the amending agreement, since the amount is being reduced, should include a clause that if there is an amount outstanding above the new reduced credit limit ($475 million), IESO must repay within X business days (i.e. 3 business days). It can even go more strict that non-payment would constitute an event of default,

furthermore, cross-default on all OFA credit facilities, which would include the $2 billion facility and hence, would stop any advances on all facilities.
I'll defer to others on this that may have more expertise in the matter, but I think we should be okay.
Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:25 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

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Thank you again for your help with this,

Salman

From: William Tan
To: Sarah Harris
Subject: RE: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 10:06:38 AM

Agreed, thank you.

From: Sarah Harris
Sent: Tuesday, August 08, 2017 10:06 AM
To: William Tan
Subject: FW: IESO - Credit facility balances/requirments

Thanks for checking, Will.

So now we know that the absolute latest that we can execute the amending agreement and the new facility is EOD August 16hth, but let's aim for Friday or Monday.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, August 08, 2017 10:02 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - Credit facility balances/requirments

IESO will give formal notice on Aug 17 for the funds to be deposited on Aug 21.

I do not know the exact amount as of yet.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments

Good morning Anthony,

Thank you for the detailed figures, it has helped tremendously.

Exactly, when will you require the new $250 million to be advanced?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,

1.

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.

For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From: Anthony Martinello
To: William Tan
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 10:02:29 AM

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Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments

Good morning Anthony,
Thank you for the detailed figures, it has helped tremendously.
Exactly, when will you require the new $250 million to be advanced?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,
1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.
Plus any RRRP or other credit needs that may result during August.
3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.
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From: William Tan [mailto:William.Tan@ofina.on.ca]
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2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

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From: William Tan
To: Jean-Francois Beaupre
Cc: Kelly Listoe; Sarah Harris
Subject: RE: IESO - Credit facility balances/requirments
Date: Monday, July 31, 2017 9:50:38 AM

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> Regards
>
> **From:** William Tan [mailto:William.Tan@ofina.on.ca]
> **Sent:** July 25, 2017 4:04 PM
> **To:** Anthony Martinello
> **Subject:** IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47
   I don't see the requirements of $260 million?
2. In mid-August if you add another $200-$250 million, what will be the new balance?
3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From: William Tan
To: Sarah Harris
Subject: RE: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 10:06:38 AM

Agreed, thank you.

From: Sarah Harris
Sent: Tuesday, August 08, 2017 10:06 AM
To: William Tan
Subject: FW: IESO - Credit facility balances/requirments

Thanks for checking, Will.

So now we know that the absolute latest that we can execute the amending agreement and the new facility is EOD August 16hth, but let's aim for Friday or Monday.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, August 08, 2017 10:02 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - Credit facility balances/requirments

IESO will give formal notice on Aug 17 for the funds to be deposited on Aug 21.

I do not know the exact amount as of yet.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments

Good morning Anthony,

Thank you for the detailed figures, it has helped tremendously.

Exactly, when will you require the new $250 million to be advanced?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,

1.

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.

The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.

For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
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From: William Tan
To: Sarah Harris
Subject: RE: IESO Amending Agreement
Date: Friday, July 14, 2017 8:34:41 AM

Hi Sarah,
I'll check in with Sarah N at around lunch and provide Anthony a status update. I'll forward any updates that come along. Thanks for your help.
Will

From: Sarah Harris
Sent: Friday, July 14, 2017 7:56 AM
To: William Tan
Subject: IESO Amending Agreement
Hi Will,
I am away today and Monday, but I told Anthony we expected to sending the amending agreement to him today. It seems like Sarah Neville is very busy, and may not get to it today. At around lunch, please check with Sarah on the status (let her know that you are aware she is very busy, but just wanted to give IESO an update). I just sent to her Victor's response on Use of Proceeds.
It is likely you won't be able to get an amending agreement to IESO today; Sarah will need to sign off on any comments/revisions we send back to IESO, so realistically, if you have any comments on her comments, she won't have time to turn another review and sign-off by the end of the day (doesn't mean that you shouldn't try to ask her to see if it is possible). Accordingly, after you check with Sarah at lunch on the status of the amending agreement, you can follow up with Anthony to let him know when you expect to send it to him (if it won't be today). I'll take a peek at my e-mails on the weekend to see if there is anything on this file that needs my review.
Thanks,
Sarah

From: Jean-Francois Beaupre
To: Sarah Harris
Subject: RE: IESO Credit Facilities
Date: Tuesday, July 25, 2017 3:26:45 PM

Hi Sarah,
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We can discuss in more detail upon your return.
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Cc: Jean-Francois Beaupre
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OFA counsel assigned to the file is Lisa Stein, but she has been on vacation for two weeks, and is back July 24th. Sarah Neville has been covering. Toby from MOF Legal has provided comments on the $2B Facility.

The original goal was to have both of these in place by July 1st. Drafts were provided to IESO the approximately June 23rd ($2B facility draft attached; for amending agreement, please see IESO's comments July 7th, attached per below). Anthony from IESO said the legal folks at IESO were busy working on priority files and would not be able to look at the agreements until mid-July or so. A call we had with Anthony Martinello on June 28th is attached which summarizes the call plus our internal conversation.

IESO provided comments on the amending agreement July 7th (attached) and there were subsequent internal discussions on IESO's proposed Use of Proceeds for the amending agreement. In short,

i) Amending Agreement #8 has use of proceeds as (which aligns with the directive at the time):

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

ii) The directive underpinning Amending Agreement #9 constrains Use of Proceeds to liquidity purposes (i.e. does not include corporate requirements), but the amending agreement #9 didn't change the Use of Proceeds to remove "temporary corporate requirements. It is a unclear why this

wasn't changed, but Ken Kandeepan said liquidity purposes could also encompass corporate requirements. I attach an e-mail from Will to IESO summarizing our Use of Proceeds proposal to IESO. The idea is that we qualify the Use of Proceeds as follows:

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

If IESO cannot agree, then we need to get a new directive for the Use of Proceeds ASAP (Minister leaves August 7th). Sarah Neville provided draft directive if needed. Documentation has yet to provide comments on it (Will, please check dates of all directives for recitals, per Sarah's request).

The remaining timing on these two agreements is tight. If the new $2B FHP facility isn't in place by mid-August, there is a risk that the IESO may require more than the $475M funding under the existing credit facility, which is problematic. The global intended limit is $2.475 billion, and it is important that **both credit facilities be completed before IESO makes its mid-August draw**. Please see Anthony Martinello's e-mail where he discusses intended draws: "*The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA*"

Next steps:

1. Amending Agreement: Sarah Neville is finalizing comments on the IESO amending agreement to be sent to IESO on Monday. IESO to advise on our proposal of Use of Proceeds by Monday, which will determine whether we need to seek a new directive. If a new directive is needed, it needs to be signed off internally by Tuesday (confirm with Gavin in Electricity Finance), delivered to the DMO this week, and brought up to the Minister the following week for signature by before the Minister leaves on vacation for August 7th. Gavin will need to organize this, so please keep him and Sarah Neville (and Lisa Stein advised, as she is back from vacation Monday) informed of IESO's answer on Monday. **If you don't hear back from IESO by lunch on Monday for Use of Proceeds, please follow up with Anthony/Victor to see what their determination is.**
2. $2B FHP Credit Facility – comments expected back from IESO Monday or Tuesday.

Kelly, as you are experienced with the IESO facilities, in my absence, kindly coordinate and provide direction to Will on this file. Will, please ensure that Kelly and myself are copied on all correspondence, concerns and queries.

Thanks,

Sarah

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:48:27 AM

Hi everyone,
I think we need to keep in mind including the condition of "provided that Advances may be used only for liquidity purposes" in the "Use of Proceeds" works if Anthony and Victor (IESO) accepts it, otherwise we may have to fall back on plan B, the directive route.

From: Gavin He
Sent: Thursday, July 20, 2017 11:31 AM
To: William Tan
Cc: Lisa Stein ; Shajee Kathirgamanathan ; Sarah Harris ; Sarah Neville
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi William,
We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.
Please let us know if you have any additional questions/concerns.
Thanks,
Gavin He

From: William Tan
Sent: Thursday, July 20, 2017 11:15 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit

Hello Gavin,
I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.
Thanks,
Will

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Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William

Tan <William.Tan@ofina.on.ca>
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I reviewed the language in amending agreement 8 and I note the following:

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- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time

amending agreement 8 was entered into reads at 3(1) “The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes”. The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that “temporary” funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can’t be considered a “liquidity purpose”, my view is that in order to accept IESO’s proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO’s use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

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To:	Sarah Harris
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:48:23 PM

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Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

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Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:37:04 PM

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Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:30:57 AM

Hi William,

We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.

Please let us know if you have any additional questions/concerns.

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Hello Gavin,

I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.

Thanks,

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Sent: Wednesday, July 19, 2017 3:13 PM

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,

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Subject: RE: IESO DIRECTIVE decrease line of credit
Date: Wednesday, July 19, 2017 3:33:45 PM

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Documentation & Compliance Coordinator
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From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris ; Sarah Neville ; William Tan
Cc: Lisa Stein ; Shajee Kathirgamanathan
Subject: RE: IESO DIRECTIVE decrease line of credit
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To:	Sarah Harris; Sarah Neville; William Tan
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:13:14 PM

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Cc:	Lisa Stein
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:54:10 PM

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Sent: Wednesday, July 19, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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To:	William Tan
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:30:57 AM

Hi William,

We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.

Please let us know if you have any additional questions/concerns.

Thanks,

Gavin He

From: William Tan

Sent: Thursday, July 20, 2017 11:15 AM

To: Gavin He

Cc: Lisa Stein ; Shajee Kathirgamanathan ; Sarah Harris ; Sarah Neville

Subject: FW: IESO DIRECTIVE decrease line of credit

Hello Gavin,

I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.

Thanks,

Will

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Subject: IESO DIRECTIVE decrease line of credit

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Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From: Kelly Listoe
To: Sarah Harris
Subject: RE: IESO DIRECTIVE decrease line of credit
Date: Wednesday, July 19, 2017 2:25:07 PM

Ok

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

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Subject: RE: IESO DIRECTIVE decrease line of credit
Date: Thursday, July 20, 2017 11:01:38 AM

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To:	William Tan; Gavin He; Sarah Harris
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:57:21 PM

Sorry, to clarify, I think we should seek a clarifying directive unless IESO agrees to language that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

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I think we should seek a clarifying directive, if possible.
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Hello all,
I have spoken to Ken Kandeepan to get his view from an accounting perspective. I asked if our the wording used in our directives is flexible enough to cover authorized borrowing from Regulation 280/14.
To paraphrase Ken: You can make the argument liquidity covers variances and corporate requirements but if you have the opportunity to change the directive and so you can be fully covered by the directive. Why not.
Directive Minister of Finance OPA Credit Facility Directive Dec 18, 2013 (Paragraph 3) from Amending Agreement 7
Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.
Directive Minister of Finance IESO Credit Facility (paragraph 4) Amending Agreement 9
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No need to get a new directive provided the IESO agrees to add the words "only for liquidity purposes" to the draft use of proceeds language it has proposed.
Without the addition of a limitation it is borrowing permitted under the Reg which includes "corporate requirements" not "temporary corporate requirements", in that case my recommendation would be a new directive is obtained to clarify the record.
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Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
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Please let me know your thoughts on how you would like to move forward.

Thanks very much,
Sarah

From:	Sarah Neville
To:	William Tan; Gavin He; Sarah Harris
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:57:21 PM

Sorry, to clarify, I think we should seek a clarifying directive unless IESO agrees to language that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

From: Sarah Neville
Sent: Wednesday, July 19, 2017 3:37 PM
To: William Tan ; Gavin He ; Sarah Harris
Cc: Lisa Stein ; Shajee Kathirgamanathan
Subject: RE: IESO DIRECTIVE decrease line of credit

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Please let me know your thoughts on how you would like to move forward.

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To: Sarah Harris
Subject: RE: IESO DIRECTIVE decrease line of credit
Date: Wednesday, July 19, 2017 3:50:42 PM

Yup
Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

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From:	William Tan
To:	Gavin He; Shajee Kathirgamanathan
Cc:	Sarah Harris
Subject:	RE: IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, July 18, 2017 9:19:54 AM

Thanks for the quick reply Gavin,

Sarah Neville (while Lisa Stein is away) is assisting me with the 2nd draft of the Amending Agreement 10. We wish to return the amending agreement as soon as possible in the next day or so. No specific deadline, but sooner the better to help with her analysis.

From: Gavin He
Sent: Tuesday, July 18, 2017 8:57 AM
To: William Tan ; Shajee Kathirgamanathan
Cc: Sarah Harris
Subject: RE: IESO DIRECTIVE decrease line of credit.docx

Hi William,

No, I didn't see this before. Bruno might be aware, but he is on vacation for 2 weeks. When do you need this by?

Shajee – are you aware of the second directive for IESO?

Regards,
Gavin He

From: William Tan
Sent: Tuesday, July 18, 2017 8:48 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit.docx

Hello Gavin,

Are you aware if Salman and Lisa completed the second directive? I've attached a draft. I am aware the one completed in the pdf.

Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Gavin He
To: William Tan; Shajee Kathirgamanathan
Cc: Sarah Harris
Subject: RE: IESO DIRECTIVE decrease line of credit.docx
Date: Tuesday, July 18, 2017 8:57:18 AM
Attachments: IESO DIRECTIVE decrease line of credit.docx
IESO_OFA Amendment No 10-revOFA legal.docx
Minister Directive for IESO Credit Facility Approval.pdf

Hi William,

No, I didn't see this before. Bruno might be aware, but he is on vacation for 2 weeks. When do you need this by?

Shajee – are you aware of the second directive for IESO?

Regards,

Gavin He

From: William Tan
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Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

It is now desirable to agree to the IESO's request to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	Gavin He
To:	William Tan; Shajee Kathirgamanathan
Cc:	Sarah Harris
Subject:	RE: IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, July 18, 2017 8:57:18 AM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx Minister Directive for IESO Credit Facility Approval.pdf

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Subject: IESO DIRECTIVE decrease line of credit.docx

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Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320

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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

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Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

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-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

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Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

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Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	William Tan
To:	Gavin He; Shajee Kathirgamanathan
Cc:	Sarah Harris
Subject:	RE: IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, July 18, 2017 9:37:53 AM

Hi Gavin,
I found out that There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.
Thanks for looking.

From: William Tan
Sent: Tuesday, July 18, 2017 9:20 AM
To: Gavin He ; Shajee Kathirgamanathan
Cc: Sarah Harris
Subject: RE: IESO DIRECTIVE decrease line of credit.docx
Thanks for the quick reply Gavin,

Sarah Neville (while Lisa Stein is away) is assisting me with the 2nd draft of the Amending Agreement 10. We wish to return the amending agreement as soon as possible in the next day or so. No specific deadline, but sooner the better to help with her analysis.

From: Gavin He
Sent: Tuesday, July 18, 2017 8:57 AM
To: William Tan <William.Tan@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit.docx
Hi William,
No, I didn't see this before. Bruno might be aware, but he is on vacation for 2 weeks. When do you need this by?
Shajee – are you aware of the second directive for IESO?
Regards,
Gavin He

From: William Tan
Sent: Tuesday, July 18, 2017 8:48 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit.docx
Hello Gavin,
Are you aware if Salman and Lisa completed the second directive? I've attached a draft. I am aware the one completed in the pdf.
Thanks,
Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 4:01 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: IESO DIRECTIVE decrease line of credit.docx

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:48:27 AM

Hi everyone,
I think we need to keep in mind including the condition of "provided that Advances may be used only for liquidity purposes" in the "Use of Proceeds" works if Anthony and Victor (IESO) accepts it, otherwise we may have to fall back on plan B, the directive route.

From: Gavin He
Sent: Thursday, July 20, 2017 11:31 AM
To: William Tan
Cc: Lisa Stein ; Shajee Kathirgamanathan ; Sarah Harris ; Sarah Neville
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi William,
We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.
Please let us know if you have any additional questions/concerns.
Thanks,
Gavin He

From: William Tan
Sent: Thursday, July 20, 2017 11:15 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit

Hello Gavin,
I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.
Thanks,
Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William

Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,
Sorry we were tied up with a few deliverables today, so we haven't had a chance to discuss this within the Branch (and with Ron) yet. We will try to get clarification soon.
Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?
Thanks,
Gavin He

From: Sarah Harris
Sent: Wednesday, July 19, 2017 3:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah N.,
Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.
Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?
Thanks,
Sarah

From: Sarah Neville
Sent: Wednesday, July 19, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit

Hello –
Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.
I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time

amending agreement 8 was entered into reads at 3(1) “The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes”. The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that “temporary” funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can’t be considered a “liquidity purpose”, my view is that in order to accept IESO’s proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO’s use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	William Tan
To:	Malle Hanslep (MOF)
Cc:	Sarah Harris; John Kim
Subject:	RE: IESO Directive
Date:	Tuesday, August 22, 2017 3:12:24 PM

Wonderful, thanks Malle

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, August 22, 2017 2:56 PM
To: William Tan
Cc: Sarah Harris ; John Kim
Subject: Re: IESO Directive

Hi. We delivere,d it to the DMO on Monday morning. I received it from John Kim

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: William Tan
Sent: Tuesday, August 22, 2017 14:53
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: IESO Directive

Hello Malle,

I am checking in to see if you have received the directive from Bruno and had a chance to forwarded it to the DMO?

Thanks,

Will

From: Bruno Amara
Sent: Monday, August 21, 2017 8:46 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Credit facility

…and I understand Malle will then transmit to DMO.

Bruno

From: Bruno Amara
Sent: Monday, August 21, 2017 8:44 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Credit facility

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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From: William Tan
To: Sarah Harris
Cc: Sarah Neville
Subject: RE: IESO Directives
Date: Tuesday, July 18, 2017 2:02:28 PM

Hi Sarah H,
I understand your question now.
I spoke to Anthony and his goal was to simplify the "use of proceeds" definition.
He doesn't recall why the 12 month restriction was there. He would have to consult his notes. He believes it was a "hold over" from OPA days. He mentions that this current facility now allows for FHP, which allows rollovers until September 2022. The 12 month restriction would be contrary to the FHP terms .

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville ; William Tan
Subject: RE: IESO Directives

Hi Sarah (N) and Will,
I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.
From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.
2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing facility, nor was any direction given on this matter.
   If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.
   I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,
Sarah H

From: Sarah Neville
Sent: Monday, July 17, 2017 4:55 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Directives

Thanks William – not what I am looking for. Lisa has a draft in our file of a Directive to reduce the $975 Credit Facility but I can't determine what (if anything) happened to it. Perhaps it was abandoned?
Sarah

From: William Tan
Sent: Monday, July 17, 2017 4:29 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Directives

Hi Sarah,
Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.
Thanks,
Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Lisa,
Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx
I think the ones attached are all of them. I also attached the latest one from late 2016.
Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

---

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.
Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,
Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: Sarah Neville; William Tan
Subject: RE: IESO Directives
Date: Tuesday, July 18, 2017 9:07:01 AM

Hi Sarah (N) and Will,

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: Sarah Neville; William Tan
Subject: RE: IESO Directives
Date: Tuesday, July 18, 2017 9:14:24 AM

HI Sarah,
Good point. Toby was involved in commenting on the new credit facility, not the amendment. For the purpose of confirming Use of Proceeds, it doesn't hurt to let him know what is occurring and to give him the opportunity to comment.
Sarah H

From: Sarah Neville
Sent: Tuesday, July 18, 2017 9:10 AM
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To: Sarah Harris
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Subject: RE: IESO Directives
Date: Tuesday, July 18, 2017 2:02:28 PM

Hi Sarah H,
I understand your question now.
I spoke to Anthony and his goal was to simplify the "use of proceeds" definition.
He doesn't recall why the 12 month restriction was there. He would have to consult his notes. He believes it was a "hold over" from OPA days. He mentions that this current facility now allows for FHP, which allows rollovers until September 2022. The 12 month restriction would be contrary to the FHP terms .

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Sent: Monday, July 17, 2017 4:29 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Directives

Hi Sarah,
Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.
Thanks,
Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Lisa,
Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx
I think the ones attached are all of them. I also attached the latest one from late 2016.
Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

---

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.
Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,
Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.
Thank you,
Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Caroline Swerdlyk; Sarah Harris
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Thursday, August 31, 2017 10:19:12 AM

Hello,
I left a message for Anthony to call me back regarding the roll-over language for AA10.

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 5:35 PM
To: William Tan ; Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Sorry for the multiple emails. One more email above rolling-over interest.
Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under "aggregate amount of the proposed election". These don't seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
Thanks,
Caroline

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,

Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on

the Grid Note in accordance with Section 3.2(2).

(6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony Martinello"
Cc:	Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 10:52:24 AM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup)v2.docx FHP credit facility agreement draft (Aug 30 draft - compare to IESO Aug 28)v2.docx

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3)., Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable);~~ and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

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(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any)~~, being a Business Day~~,~~ (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

~~(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].~~

~~(b)~~(c~~b~~e) The IESO will pay on the C~~c~~urrent Repayment Date the following amount with respect to the Advances~~s~~ (if any): $_____

~~i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].~~

~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.~~

~~(c)~~(cd) ~~The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~

~~i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; andand,~~

~~ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and.~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The N~~n~~ew Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~Revolving Credit Facility Grid Note~~

~~Date~~	~~Principal Advanced~~	~~Rate~~	~~Repayment Date and Principal Repaid~~	~~Interest Payment Date and Amount~~	~~Unpaid Principal Balance~~	~~Notation Made By~~

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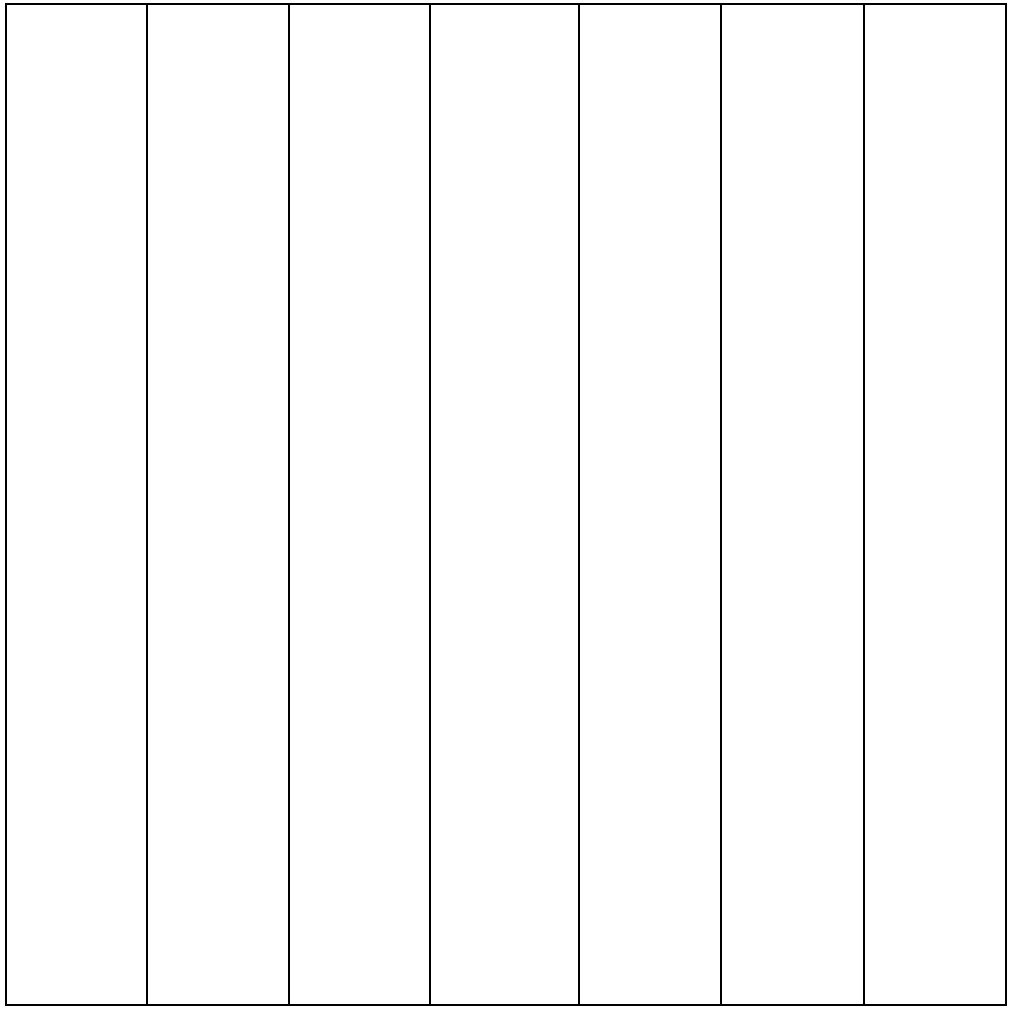

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

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REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued;~~and (d~~) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

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rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB4]: this is the accepted usage

Commented [CS5R4]: Ok

Commented [VB6]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~, and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election~~ and new Advance (if any),~~ being a Business Day~~,~~ (being the Current Repayment Date) is _____.

~~(b) The IESO will pay on the current Repayment Date the following amounts (if any):~~

~~i. The amount of interest with respect to the previous Advance is $_____ [Insert interest amount to be paid on current Repayment Date].~~

(b~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____~~.

~~(c~~) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____;
and

~~ii.~~ ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____;~~ ~~and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____~~.

~~(c)The new~~
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

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(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

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Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~**Revolving Credit Facility Grid Note**~~

~~**Date**~~	~~**Principal Advanced**~~	~~**Rate**~~	~~**Repayment Date and Principal Repaid**~~	~~**Interest Payment Date and Amount**~~	~~**Unpaid Principal Balance**~~	~~**Notation Made By**~~

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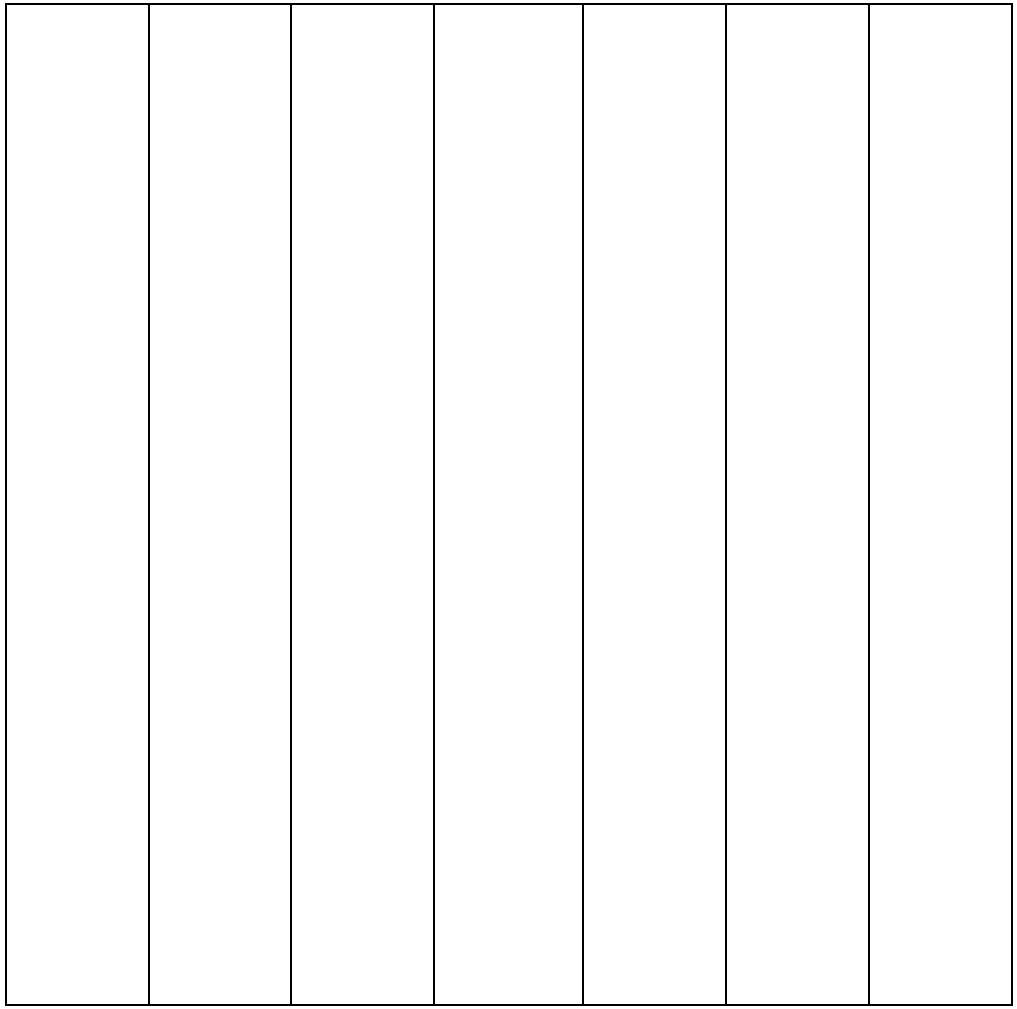

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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From:	William Tan
To:	"Anthony Martinello"
Cc:	Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 10:52:24 AM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup)v2.docx FHP credit facility agreement draft (Aug 30 draft - compare to IESO Aug 28)v2.docx

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan
Cc: Victor Buza ; Sarah Harris ; Lisa Stein ; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us

immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3)., Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable);~~ and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

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(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any)~~, being a Business Day~~,~~ (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

~~(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].~~

~~(b)~~(c~~b~~e) The IESO will pay on the C~~c~~urrent Repayment Date the following amount with respect to the Advances~~s~~ (if any): $_____

~~i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].~~

~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.~~

~~(c)~~(cd) ~~The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~

~~i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; andand,~~

~~ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and.~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The N~~n~~ew Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~Revolving Credit Facility Grid Note~~

~~Date~~	~~Principal Advanced~~	~~Rate~~	~~Repayment Date and Principal Repaid~~	~~Interest Payment Date and Amount~~	~~Unpaid Principal Balance~~	~~Notation Made By~~

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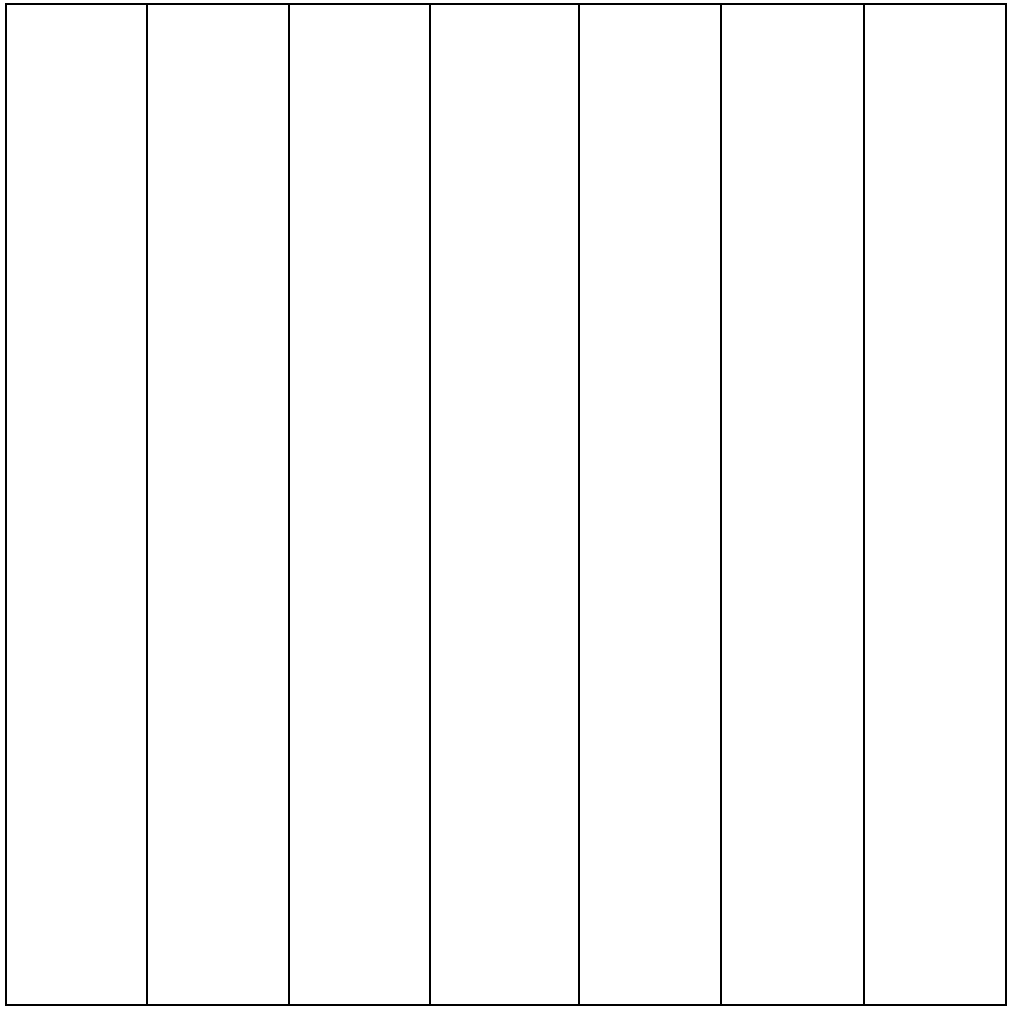

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

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REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued;~~and (d~~) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

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rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~, and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election~~ and new Advance (if any),~~ being a Business Day~~,~~ (being the Current Repayment Date) is _____.

~~(b) The IESO will pay on the current Repayment Date the following amounts (if any):~~

~~i. The amount of interest with respect to the previous Advance is $_____ [Insert interest amount to be paid on current Repayment Date].~~

(b~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____~~.

~~(c~~) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____;
and

~~ii.~~ ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____;~~ ~~and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____~~.

~~(c)The new~~
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

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Commented [CS7]: Moved up to (b)

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

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Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~**Revolving Credit Facility Grid Note**~~

~~**Date**~~	~~**Principal Advanced**~~	~~**Rate**~~	~~**Repayment Date and Principal Repaid**~~	~~**Interest Payment Date and Amount**~~	~~**Unpaid Principal Balance**~~	~~**Notation Made By**~~

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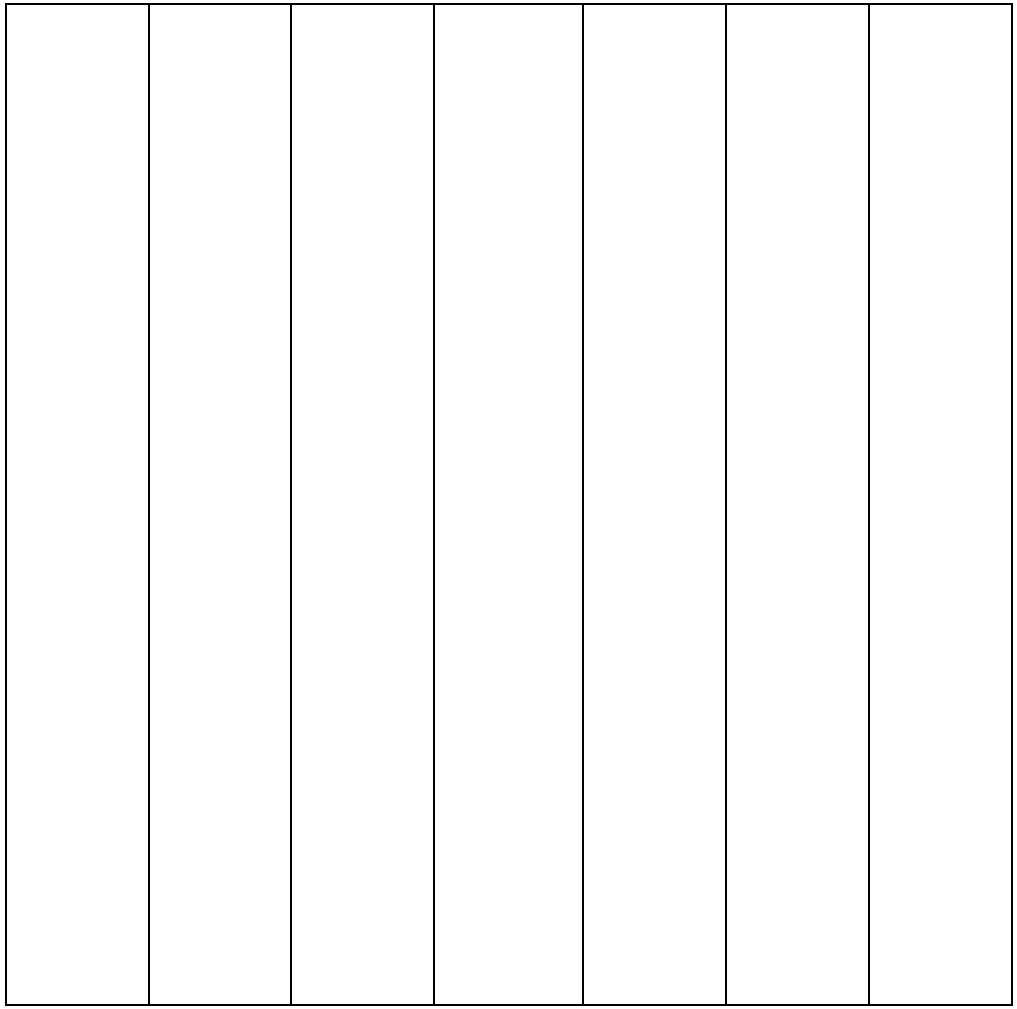

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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From:	Caroline Swerdlyk
To:	Sarah Harris
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 8:54:05 AM

Hi Sarah,
I am in the office now if you want to come down anytime this morning.
Thanks,
Caroline

From: Sarah Harris
Sent: Tuesday, August 29, 2017 5:33 PM
To: Caroline Swerdlyk ; William Tan
Cc: Sarah Neville
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hi Caroline,
The logic looks good. I think we may need to simplify the notice to be a little more concise to make it more workable for the operations folks, specifically with respect to b). I will come down first thing tomorrow morning to
discuss. I think the changes are relatively quick.
Thanks,
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:43 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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Please review and let me know if you have any comments on any of these changes. In particular, does the Election Notice in Schedule 2 include all of the information that the IESO needs to provide for the OFA to administer the continued Advances and new Advances under the FHP Agreement?
I am happy to meet to discuss these changes if it would be helpful.
I will also run the change to the Permitted Liens definition past MOF legal.
Thanks,
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Sarah Neville; Caroline Swerdlyk; Sarah Harris
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:29:50 PM

Agreed.

From: Sarah Neville
Sent: Tuesday, August 29, 2017 4:29 PM
To: Caroline Swerdlyk ; Sarah Harris ; William Tan
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks.

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:25 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

See addition to proposed response below-

From: Sarah Neville
Sent: Tuesday, August 29, 2017 4:23 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Changes to the relevant sections of the agreement will also be needed.
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:21 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,
We didn't discuss the IESO's suggestion: to revise the Amending Agreement 10, to align the form of election notice under the current Credit Agreement with the form that will be used under the FHP Credit Agreement.
Do you agree with this proposal, or have any concerns with it?
If the election notices under the two agreements are to be aligned, then I think we should respond to Victor that, after the IESO and OFA have agreed on the language in the FHP Agreement related to Election Notices (in Article 3 and Schedule 2), then the OFA will update the draft Amending Agreement #10 to incorporate the new form of Election Notice (including changes to the relevant sections of the agreement).
Please let me know if you would like to discuss.
Thanks,
Caroline

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 29, 2017 4:01 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello all - just as a follow-up to our call of a few minutes ago, it would make sense for the borrowing processes to be aligned for both lines of credit (i.e. the FHP line and the $475MM line) per Anthony's comments below.

Since it sounds like there will need to be some additional tweaks to the Election Notice language we inserted in yesterday's draft, would it make sense for you rather than us to make the changes to the Amendment #10 document as well, since you have the pen on this issue right now ? Just thinking here about what's most efficient time-wise (ie if not, we have to wait for your markup etc).

Let us know - thanks,

Victor

416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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To:	Sarah Neville; Caroline Swerdlyk; Sarah Harris
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:29:50 PM

Agreed.

From: Sarah Neville
Sent: Tuesday, August 29, 2017 4:29 PM
To: Caroline Swerdlyk ; Sarah Harris ; William Tan
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks.

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:25 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

See addition to proposed response below-

From: Sarah Neville
Sent: Tuesday, August 29, 2017 4:23 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Changes to the relevant sections of the agreement will also be needed.
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:21 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,
We didn't discuss the IESO's suggestion: to revise the Amending Agreement 10, to align the form of election notice under the current Credit Agreement with the form that will be used under the FHP Credit Agreement.
Do you agree with this proposal, or have any concerns with it?
If the election notices under the two agreements are to be aligned, then I think we should respond to Victor that, after the IESO and OFA have agreed on the language in the FHP Agreement related to Election Notices (in Article 3 and Schedule 2), then the OFA will update the draft Amending Agreement #10 to incorporate the new form of Election Notice (including changes to the relevant sections of the agreement).
Please let me know if you would like to discuss.
Thanks,
Caroline

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 29, 2017 4:01 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Let us know - thanks,

Victor

416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Sarah Neville
To:	Caroline Swerdlyk; Sarah Harris; William Tan
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:28:46 PM

Thanks.

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Sent: Tuesday, August 29, 2017 4:25 PM
To: Sarah Neville ; Sarah Harris ; William Tan
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

See addition to proposed response below-

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Incumbency Certificate
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Best regards,

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Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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Sent: August 18, 2017 3:18 PM
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Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

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From: William Tan
To: Sarah Harris; Caroline Swerdlyk
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Thursday, August 31, 2017 9:22:38 AM

Hello Caroline

I have spoken to James Devine, Director Funding he reiterated Carlos Yep Manger Funding point that the OFA revolving credit facility allows for the rollover of interest. This feature is different from a bank line of credit where minimum payment (component of principle and interest) is required to remain current. I will reiterate to Anthony (IESO) in an email that the FHP credit facility effectively allows him to roll-over interest whereas the existing credit facility of $975 million does not.

Thanks,

Will

-----Original Message-----
From: Sarah Harris
Sent: Wednesday, August 30, 2017 6:21 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>

> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don't allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into

Amending Agreement 10.
>
>
> Thanks,
>
> Will
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hi,
>
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
>
> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
>
>
>
> - The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
>
>
>
> - The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
>
>
>
> - The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:
> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>

> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
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> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
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> Thanks,
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> Best regards,
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>
> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
>
> 1 Dundas Street West, Suite 1400
>
> Toronto, Ontario M5G 1Z3, CANADA
>
> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
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> <opa ieso amendment no 9 executed.pdf>

From:	Caroline Swerdlyk
To:	Sarah Neville; Sarah Harris; William Tan
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:24:38 PM

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Let us know - thanks,
Victor
416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
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FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Caroline Swerdlyk
To:	Sarah Neville; Sarah Harris; William Tan
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:24:38 PM

See addition to proposed response below-

From: Sarah Neville
Sent: Tuesday, August 29, 2017 4:23 PM
To: Caroline Swerdlyk ; Sarah Harris ; William Tan
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Changes to the relevant sections of the agreement will also be needed.
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 4:21 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Please let me know if you would like to discuss.
Thanks,
Caroline

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 29, 2017 4:01 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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From:	Sarah Neville
To:	Caroline Swerdlyk; Sarah Harris; William Tan
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 4:22:40 PM

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From:	William Tan
To:	Caroline Swerdlyk; Sarah Harris
Cc:	Sarah Neville
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 1:39:12 PM

Hello Caroline,
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Thanks,
Will

From: Caroline Swerdlyk
Sent: Tuesday, August 29, 2017 12:47 PM
To: Sarah Harris ; William Tan
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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However, the continued Advance and the new Advance are treated separately for other purposes, including that they are recorded separately on the Grid Note in accordance with s. 3.2(2).
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Cc:	Sarah Neville
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Tuesday, August 29, 2017 1:17:53 PM

Hi,
I think a quick call with IESO would be a good idea.
I am not available from 2-3 p.m., but I do not have to be on the call.

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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 9:18:09 AM

Good morning,
Lisa and Toby adjusted the language and Bruno agreed with the change. His concerns were related to understanding the risks and exposure rather than specific language.
Thanks,
Will

From: Sarah Harris
Sent: Tuesday, August 29, 2017 9:11 AM
To: William Tan
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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Also, did Bruno have any input into the permitted liens language revision (in relation to Victor's question), or was that just Lisa and Toby?
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
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Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
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Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From: William Tan
To: Sarah Harris; Caroline Swerdlyk
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Thursday, August 31, 2017 9:22:38 AM

Hello Caroline

I have spoken to James Devine, Director Funding he reiterated Carlos Yep Manger Funding point that the OFA revolving credit facility allows for the rollover of interest. This feature is different from a bank line of credit where minimum payment (component of principle and interest) is required to remain current. I will reiterate to Anthony (IESO) in an email that the FHP credit facility effectively allows him to roll-over interest whereas the existing credit facility of $975 million does not.

Thanks,

Will

-----Original Message-----
From: Sarah Harris
Sent: Wednesday, August 30, 2017 6:21 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>

> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don't allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into

Amending Agreement 10.
>
>
> Thanks,
>
> Will
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hi,
>
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
>
> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
>
>
>
> - The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
>
>
>
> - The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
>
>
>
> - The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:
> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>

> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
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> <opa ieso amendment no 9 executed.pdf>

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To:	"Anthony Martinello"; Victor Buza
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From:	William Tan
To:	"Anthony Martinello"; Victor Buza
Cc:	Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 25, 2017 2:57:31 PM

Hello Anthony and Victor,
How are the agreements coming along and if you require any assistance from us?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.
Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From:	William Tan
To:	Sarah Harris; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 23, 2017 10:55:48 AM

Hello,
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Thanks,
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From: Sarah Harris
To: William Tan
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 23, 2017 10:07:45 AM
Attachments: image001.png

Hi Will,
You're right. No group call is required right now.
I'll give you a call.
Sarah

From: William Tan
Sent: Wednesday, August 23, 2017 9:37 AM
To: Sarah Harris
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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a) Accommodates new advances (principal of new advance + advance date)
b) Portion of interest IESO wishes to repay.
c) Continued advance (i + ii)
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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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Resolution of the Board of Directors.
Incumbency Certificate

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From: Anthony Martinello
To: William Tan
Cc: Sarah Harris; Lisa Stein; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 23, 2017 8:33:19 AM

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 5:22:46 PM

Understood Will. Thanks.
FYI, I was under the impression that we had forwarded

(i) the form of extract of board resolution and
(ii) the form of incumbency certificate

for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From: Caroline Swerdlyk
To: William Tan; Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 5:35:22 PM
Attachments: opa ieso amendment no 9 executed.pdf

Sorry for the multiple emails. One more email above rolling-over interest.
Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under "aggregate amount of the proposed election". These don't seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
Thanks,
Caroline

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan
Cc: Sarah Harris ; Sarah Neville ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different

lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.

2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
>
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
>
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 5:22:46 PM

Understood Will. Thanks.
FYI, I was under the impression that we had forwarded

(i) the form of extract of board resolution and
(ii) the form of incumbency certificate

for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 5:16:26 PM

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

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Sent: Friday, August 18, 2017 3:18 PM
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Friday, August 11, 2017 4:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO FHP Credit Facility Agreement

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Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

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From: William Tan
To: Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 5:11:05 PM

Hi Sarah,
I'll do that right now.

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Sent: Friday, August 18, 2017 4:52 PM
To: William Tan
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Sent from my iPhone

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> **Date:** August 18, 2017 at 3:18:18 PM EDT
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From: Caroline Swerdlyk
To: William Tan; Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 5:35:22 PM
Attachments: opa ieso amendment no 9 executed.pdf

Sorry for the multiple emails. One more email above rolling-over interest.
Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under "aggregate amount of the proposed election". These don't seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
Thanks,
Caroline

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan
Cc: Sarah Harris ; Sarah Neville ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different

lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.

2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
>
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
>
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
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AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From: Caroline Swerdlyk
To: William Tan
Cc: Sarah Harris; Sarah Neville; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:49:52 PM

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk
Cc: Sarah Harris ; Sarah Neville ; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

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  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

  (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

  (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Regards.

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Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Incumbency Certificate
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william.tan@ofina.on.ca

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:26:13 PM

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

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Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
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Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.

Incumbency Certificate
Thanks,
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:26:13 PM

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.

Incumbency Certificate
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Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From:	William Tan
To:	Caroline Swerdlyk; Sarah Harris
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Thursday, August 31, 2017 10:19:12 AM

Hello,
I left a message for Anthony to call me back regarding the roll-over language for AA10.

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 5:35 PM
To: William Tan ; Sarah Harris
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Sorry for the multiple emails. One more email above rolling-over interest.
Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under "aggregate amount of the proposed election". These don't seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
Thanks,
Caroline

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,

Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on

the Grid Note in accordance with Section 3.2(2).

(6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
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Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Regards.

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Execute:
Amending Agreement 10
FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony Martinello"
Cc:	Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject:	RE: IESO Grid Notes
Date:	Wednesday, August 30, 2017 6:55:03 PM

Hello Anthony,
We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.
Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.
Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein ; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes
Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes
Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

Ontario
LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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From: William Tan
To: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO Grid Notes
Date: Wednesday, August 30, 2017 6:23:04 PM
Attachments: image001.png
image002.png

Hello,
Sarah H, clarified with Settlements on how the Grid Notes are to be interpreted. Each line indicates total outstanding loan and not to be totalled with the loans above. Anthony is correct in saying that he only receives one line item.
Thanks,
Will

From: William Tan
Sent: Wednesday, August 30, 2017 4:58 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO Grid Notes
Hello,
Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
If you look closely to the items above the number I crossed out, it appears to be some double counting.
I have attached my rough version suggesting how it should appear.

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.6100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.6100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,305,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,70[illegible]036.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,[illegible]94.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes
Hi,
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You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

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From: Caroline Swerdlyk
To: William Tan; Sarah Harris; Sarah Neville; Lisa Stein
Subject: RE: IESO Grid Notes
Date: Wednesday, August 30, 2017 5:05:41 PM
Attachments: 20170830165941897.pdf
image001.png
image002.png

Hi Will,
Just looking at the "Principal Advanced or Rollover Amount" column for the RRRP Grid Notes, it seems to me that your rough version and the version below in the email are consistent with each other (they both have the same current total), but the one below is cumulative, whereas the attached is not.
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:58 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO Grid Notes
Hello,
Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
If you look closely to the items above the number I crossed out, it appears to be some double counting.
I have attached my rough version suggesting how it should appear.

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,700,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes
Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0100%	20-Jun-2017	33	$1,024.22	$2,657.22	$0.00	$2,657.22	21-Aug-2017	95
20-Jun-2017	$3,203,101.35	1.0100%	21-Jul-2017	31	$2,747.65	$4,869.59	$0.00	$4,869.59	21-Aug-2017	62
21-Jul-2017	$2,231,912.78	1.0100%	21-Aug-2017	31	$1,914.55	$1,895.60	$0.00	$1,895.60	21-Aug-2017	31
21-Aug-2017	$546,680.51	1.0100%	21-Sep-2017	31	$468.95	$0.00	$0.00	$0.00		

Total. $7,175,694.39

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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21-Nov-2016	$64,793,065.20	0.8300%	24-Apr-2017	154	$44,201.30	$64,966,983.32	$64,793,065.20	$173,918.12	24-Apr-2017	154
21-Dec-2016	$70,276,310.40	0.8300%	24-Apr-2017	124	$49,905.81	$70,458,601.70	$70,276,310.40	$182,291.30	23-May-2017	153
20-Jun-2017	$109,986,030.30	1.0100%	21-Jul-2017	31	$94,346.92	$167,208.90	$0.00	$167,208.90	21-Aug-2017	62
21-Jul-2017	$136,581,867.69	1.0100%	21-Aug-2017	31	$117,161.05	$116,001.04	$0.00	$116,001.04	21-Aug-2017	31
21-Aug-2017	$148,134,438.04	1.0100%	21-Sep-2017	31	$127,070.94	$0.00	$0.00	$0.00		

Total $394,702,336.03

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Caroline Swerdlyk
To: William Tan; Sarah Harris; Sarah Neville; Lisa Stein
Subject: RE: IESO Grid Notes
Date: Wednesday, August 30, 2017 5:05:41 PM
Attachments: 20170830165941897.pdf
image001.png
image002.png

Hi Will,
Just looking at the "Principal Advanced or Rollover Amount" column for the RRRP Grid Notes, it seems to me that your rough version and the version below in the email are consistent with each other (they both have the same current total), but the one below is cumulative, whereas the attached is not.
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:58 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO Grid Notes
Hello,
Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
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I have attached my rough version suggesting how it should appear.

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
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20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
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Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes
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I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 30-Aug-2017

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Ontario Financing Authority

Line of Credit Grid Note

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Ontario Financing Authority

Line of Credit Grid Note

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21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: William Tan
To: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO Grid Notes
Date: Wednesday, August 30, 2017 4:58:13 PM
Attachments: 20170830165941897.pdf
image002.png
image003.png

Hello,
Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
If you look closely to the items above the number I crossed out, it appears to be some double counting.
I have attached my rough version suggesting how it should appear.

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
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21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein ; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes
Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes
Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

Ontario
LeRoy Ahyee
Settlements Officer | Ontario Financing Authority
This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0100%	20-Jun-2017	33	$1,024.22	$2,657.22	$0.00	$2,657.22	21-Aug-2017	95
20-Jun-2017	$3,203,101.35	1.0100%	21-Jul-2017	31	$2,747.65	$4,869.59	$0.00	$4,869.59	21-Aug-2017	62
21-Jul-2017	$2,231,912.78	1.0100%	21-Aug-2017	31	$1,914.55	$1,895.60	$0.00	$1,895.60	21-Aug-2017	31
21-Aug-2017	$546,680.51	1.0100%	21-Sep-2017	31	$468.95	$0.00	$0.00	$0.00		

Total. $7,175,694.39

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8300%	19-Sep-2016	31	$65,321.10	$95,078,202.37	$94,951,024.00	$127,178.37	20-Jan-2017	154
21-Nov-2016	$64,793,065.20	0.8300%	24-Apr-2017	154	$44,201.30	$64,966,983.32	$64,793,065.20	$173,918.12	24-Apr-2017	154
21-Dec-2016	$70,276,310.40	0.8300%	24-Apr-2017	124	$49,905.81	$70,458,601.70	$70,276,310.40	$182,291.30	23-May-2017	153
20-Jun-2017	$109,986,030.30	1.0100%	21-Jul-2017	31	$94,346.92	$167,208.90	$0.00	$167,208.90	21-Aug-2017	62
21-Jul-2017	$136,581,867.69	1.0100%	21-Aug-2017	31	$117,161.05	$116,001.04	$0.00	$116,001.04	21-Aug-2017	31
21-Aug-2017	$148,134,438.04	1.0100%	21-Sep-2017	31	$127,070.94	$0.00	$0.00	$0.00		

Total $394,702,336.03

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

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21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
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21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From:	Anthony Martinello
To:	William Tan
Cc:	Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject:	RE: IESO Grid Notes
Date:	Thursday, August 31, 2017 7:40:51 AM

Yes.
And, please send over draft Amendment #10 for our review.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,
We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.
Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.
Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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From: Sarah Harris
To: William Tan
Subject: RE: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello
Date: Monday, July 10, 2017 12:28:42 PM

Hi Will,
Please see below my changes.
You'll have to further change the first paragraph in 1., since IESO sent the comments on the amending agreement on Friday. Remember that #1 should only be circulated internally.
You'll be unable to send the #2 proposed e-mail, because IESO has also sent back the draft. You may be able to incorporate it into that information in your response to IESO when you provide our comments on the amending agreement, however, you can't send Anthony the following phrase: " In the unlikely event, IESO IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million." That is our internal back up and he would not be aware of it. In the event we see IESO heading in the direction of exceeding $475M, then we bring it up.
Thanks,
Sarah

From: William Tan
Sent: Friday, July 07, 2017 10:11 AM
To: Sarah Harris
Subject: IESO OFA OFHP Credit Facility - meeting with Anthony Martinello
Hello Sarah,
I have cleaned up some of the language recording the meeting with Anthony and the solutions agreed upon. I hope this suits you.
Thanks,
Will
1.
Hello all,
IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.
IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This ~~term~~ information was included in the briefing ~~note~~ material ~~and~~ for the approval of the lending directive [and/or OIC?] [NTD: the information wasn't in the directive. Please confirm if it was Directive or OIC: I don't remember which one off hand] to assist the Ministry of Finance in its decision to approve the [order in council and directive NTD: confirm per previous comment] for the new $2B FHP Credit Facility. Accordingly, the total credit limit to be available under the combined facilities would be a total $2.475 billion ~~credit facility limit~~.
In order to ~~operate~~ procced in a manner consistent with the FHP loan framework ~~approved~~ presented to ~~by~~ the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new

$2B FHP credit facility, with a combined limit of $2.475 B) , IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility. ~~This approach avoids violating the terms at which the OIC and lending was approved while facilitating each part of the process.~~

Reducing the $975M credit facility first mitigates~~, approach is based on~~ the ~~remote~~ possibility of IESO exceeding~~s~~ the $475 million ~~credit facility~~ revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement , IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does ~~Also, any amount~~ exceedi~~ng~~ $475 million before the existing credit facility is reduced, the remedy ~~result~~ would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will

2.

Hello Anthony,

Thank you for your email. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Will

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Wednesday, July 26, 2017 9:34:00 AM

I don't have any comments

From: William Tan
Sent: Wednesday, July 26, 2017 8:47 AM
To: Lisa Stein
Cc: Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Lisa,

Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.

Regards,

Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between

2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
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Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

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If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Thanks,
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Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

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Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

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Best regards,

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To:	Anthony Martinello
Cc:	"Victor Buza"; Sarah Harris; Kelly Listoe
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Monday, July 24, 2017 10:46:06 AM

Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
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Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; Kelly Listoe; Sarah Neville; Lisa Stein; Gavin He
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Friday, July 21, 2017 2:25:22 PM

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

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Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
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To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein; Anthony Martinello
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 3:25:58 PM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.
Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

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If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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We will be sending the legal documents early next week.
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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" Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein; Anthony Martinello
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 3:25:58 PM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc

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2. A draft incumbency certificate.

Let me know if you have any questions or comments.
Regards,
Victor

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Cc: Sarah Harris; Kelly Listoe; Lisa Stein
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I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
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Please let me know if you require anything further or if you have questions.
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To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

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Cc: Victor Buza; Sarah Harris; Kelly Listoe
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If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor
Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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" Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 10:27:20 AM

Hi Will,
Can you please set up the call and include Sarah N. and myself? We are both available between 3 and 4.
Thanks,
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Sent: Tuesday, July 25, 2017 10:07 AM
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Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

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Cc: Sarah Harris; Kelly Listoe; Lisa Stein
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 9:41 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.
Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.
I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Cc: Victor Buza; Sarah Harris; Kelly Listoe
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Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
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Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

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This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

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This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Subject: RE: IESO : OFA new FH credit facility

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If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Monday, July 24, 2017 11:05:56 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Monday, July 24, 2017 11:05:56 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Good morning Anthony,
I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.
Thanks,
Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Hello Victor,
We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:
Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,
We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is

strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

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The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

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Total Principal Advanced	**$114,383,131.40**

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Monday, July 24, 2017 11:01:55 AM

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Victor

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Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
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Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

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Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

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This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the*

Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

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This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
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Regards,
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Victor Buza | Senior Counsel
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and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

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Hello Anthony,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Monday, July 24, 2017 11:01:55 AM

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
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Good morning Anthony,

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Best regards,

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william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Wednesday, July 26, 2017 9:34:00 AM

I don't have any comments

From: William Tan
Sent: Wednesday, July 26, 2017 8:47 AM
To: Lisa Stein
Cc: Sarah Harris ; Jean-Francois Beaupre ; Kelly Listoe
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Lisa,

Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.

Regards,

Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between

2:00 and 5:30 this afternoon - or let me know who to call at what number.
Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
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From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 21, 2017 1:53:04 PM
Attachments: Hello Victor.docx

Hi Will,
Please see my proposed changes in the attached document.
I will be in a call between 2 and 3 p.m.
If you are okay with it, please send it to Victor, cc'ing all parties (including Anthony), and please also add Kelly Listoe as well. If I have misunderstood anything, you can correct it and send it out; if you need to, please run it by Sarah N.
Thanks,
Sarah

From: William Tan
Sent: Friday, July 21, 2017 1:16 PM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility

Hello Sarah,
This is my draft email to Victor and Anthony. Let's discuss.
Hello Victor,
We apologize for the delay in replying back. The proposed changes to Amending Agreement 10, which triggered internal discussions which led to the delays. If we can agree to "sticking points" I can send you a draft early next week.

Paragraph 2

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. The mark-up tracks changes to the OFA's original drafting.

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40 . "

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Paragraph 4, "Use of Proceeds"

Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before

the summer break.

Directive Minister of Finance Ontario Power Authority Credit Facility - Dec 18, 2013 allows for:

- Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

Directive Minister of Finance Independent Electricity System Operator Credit Facility - Nov 28, 2016 allows for:

- Provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

IESO proposed change to "Use of Proceeds".

"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time." "

IESO proposed change to "Use of Proceeds".

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"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes." "

Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. ~~.~~ ~~T~~The proposed change~~s~~ regarding the Use of Proceeds ~~to Amending Agreement 10, which triggered~~required internal discussion~~s~~ to work through~~s~~ t~~which led to the delays~~he proposed wording. I will send you a revised mark-up next week, but ~~If we can agree~~ would ask if IESO is able to agree to the following key items:

~~**Paragraph 4 - to "sticking points" I can send you a draft early next week.**~~

USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes**."*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language~~.~~:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. ~~The mark-up tracks changes to the OFA's original drafting.~~

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"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

~~Paragraph 4, "Use of Proceeds"~~

~~Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before the summer break.~~

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- ~~Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.~~

~~Directive Minister of Finance Independent Electricity System Operator Credit Facility - Nov 28, 2016 allows for:~~

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~~IESO proposed change to "Use of Proceeds".~~

~~"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:~~

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~~"4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~

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Thanks,

Will

From:	William Tan
To:	Bruno Amara; Sarah Neville
Cc:	Lisa Stein; Gavin He; John Kim; Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Sunday, July 16, 2017 2:38:28 PM
Attachments:	OFA IESO Amending Agreement 10.docx compare.docx

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville ; William Tan ; Sarah Harris
Cc: Lisa Stein ; Gavin He ; John Kim
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.
I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line,

that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,

Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To

provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM

To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the~~"), OPA ~~and~~or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS**~~ effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* ~~(the "Amalgamation")~~ with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO,

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~ In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.

Total Principal Advanced	$114,383,131.40

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Neville
To:	William Tan
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 1:31:41 PM

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Will

From: Sarah Neville
Sent: Friday, July 14, 2017 1:07 PM
To: William Tan
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

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Sent: Friday, July 14, 2017 11:56 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

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Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

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Regards

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From: Sarah Neville
To: William Tan
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 1:06:33 PM

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From:	Bruno Amara
To:	Sarah Neville; William Tan; Sarah Harris
Cc:	Lisa Stein; Gavin He; John Kim
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 10:59:45 AM
Attachments:	140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris ; Bruno Amara
Cc: William Tan ; Lisa Stein ; Gavin He
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed

note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

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Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

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Sent: Wednesday, June 21, 2017 3:17 PM

To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	Bruno Amara
To:	Sarah Neville; William Tan; Sarah Harris
Cc:	Lisa Stein; Gavin He; John Kim
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 10:59:45 AM
Attachments:	140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris ; Bruno Amara
Cc: William Tan ; Lisa Stein ; Gavin He
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed

note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

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Thanks for your help

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Victor Buza | Senior Counsel
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

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Eligible investments

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1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
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   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

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(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

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2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 10:23:46 AM

Hi Sarah,

I paid a visit with Bruno to help him with the "Use of Proceeds" language to help this move along. I'll forward he the additional emails.

From: Sarah Harris

Sent: Friday, July 14, 2017 10:09 AM

To: William Tan

Subject: Fwd: IESO : OFA new FH credit facility

Hi Will,
Could you please give Sarah a full update, including the summary email you sent out internally on the concerning our call with Anthony, our internal discussion regarding the approach that execution of the agreements, and Anthony's follow up email from yesterday. That will give her some additional information to consider. I'm travelling right now, so please assist Sarah N as much as possible to fully bring her up to speed on this file.
Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

> **From:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Date:** July 14, 2017 at 9:38:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** William Tan <William.Tan@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>
> **Subject: RE: IESO : OFA new FH credit facility**
>
> Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
> It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
> With respect to other substantive issues on the IESO's mark-up of amendment 10, the

only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line

would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 18, 2017 2:14:53 PM

From: Sarah Neville
Sent: Monday, July 17, 2017 4:53 PM
To: William Tan ; Gavin He
Cc: Bruno Amara ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

> The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in

relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments
25.33

(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).
Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).
Exception
(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy*

Board Act, 1998.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).
Adjustments, payments, set-offs and credits
(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)
Variance accounts
(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).
Compliance
(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.
Adjustment not assignable
(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.
No cause of action
(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.
Happy to discuss the above should you have questions.
Thanks very much,
Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to “Use of Proceeds”. IESO proposed changes to “Use of Proceeds”. Upon further review I discovered that “Use of Proceeds” in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for “Use of Proceeds” please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.
IESO Proposed:

4. Delete Section 2.3 “Use of Proceeds” of the Credit Agreement and replace it as follows:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.”

Documentation draft 2 version:

4. Delete Section 2.3 “Use of Proceeds” of the Credit Agreement and replace it as follows:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance” .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. “

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only

significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to

sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 10:23:46 AM

Hi Sarah,

I paid a visit with Bruno to help him with the "Use of Proceeds" language to help this move along. I'll forward he the additional emails.

From: Sarah Harris

Sent: Friday, July 14, 2017 10:09 AM

To: William Tan

Subject: Fwd: IESO : OFA new FH credit facility

Hi Will,
Could you please give Sarah a full update, including the summary email you sent out internally on the concerning our call with Anthony, our internal discussion regarding the approach that execution of the agreements, and Anthony's follow up email from yesterday. That will give her some additional information to consider. I'm travelling right now, so please assist Sarah N as much as possible to fully bring her up to speed on this file.
Thanks,
Sarah

Sent from my iPhone

Begin forwarded message:

> **From:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Date:** July 14, 2017 at 9:38:03 AM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>, Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** William Tan <William.Tan@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>
> **Subject: RE: IESO : OFA new FH credit facility**
>
> Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
> It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
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Sr. Manager, Financial and Regulatory Analysis
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Corporate and Electricity Finance Division
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Independent Electricity System Operator (IESO) | T: 416-969-6079
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Neville
To:	Sarah Harris; Bruno Amara
Cc:	William Tan; Lisa Stein; Gavin He
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 9:38:04 AM

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	Sarah Neville
To:	Sarah Harris; Bruno Amara
Cc:	William Tan; Lisa Stein; Gavin He
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 9:38:04 AM

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville ; Lisa Stein
Cc: William Tan
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

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Date: Friday, July 14, 2017 9:21:27 AM

Hi Victor

Thanks for your quick response to my questions. I didn't express my question very clearly/accurately, but based on our follow-up telephone conversation, I understand that the use of proceeds for the $475M and new $2B facilities are different, where a) the $2B facility is exclusively for OFHP purposes and b) the $475M, while it can, and is currently used for OFHP purposes, will also continue to be used by IESO for other day to day purposes other than OFHP.

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Bruno Amara
To: "Victor Buza"
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 9:21:27 AM

Hi Victor

Thanks for your quick response to my questions. I didn't express my question very clearly/accurately, but based on our follow-up telephone conversation, I understand that the use of proceeds for the $475M and new $2B facilities are different, where a) the $2B facility is exclusively for OFHP purposes and b) the $475M, while it can, and is currently used for OFHP purposes, will also continue to be used by IESO for other day to day purposes other than OFHP.

Thanks

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara
Cc: Sarah Harris ; William Tan ; Gavin He ; Anthony Martinello
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.

Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM

To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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Best regards,

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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	"Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 1:17:27 PM

Anthony,

Thanks very much for your reply and for the additional information on forecasted draws – very helpful. There should be no issue with signing the FHP facility by mid-August (hopefully we can wrap this up before August starts!).

Best,

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Thursday, July 13, 2017 1:13 PM

To: Sarah Harris

Cc: Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein ; William Tan

Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.

b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.

c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending

agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	Sarah Harris
To:	"Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 1:17:27 PM

Anthony,

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Best,

Sarah

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Sent: Thursday, July 13, 2017 1:13 PM

To: Sarah Harris

Cc: Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein ; William Tan

Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.

b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.

c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

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Subject: FW: IESO : OFA new FH credit facility

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Best regards,

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Will,

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From: Anthony Martinello
To: Sarah Harris
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 1:12:58 PM

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
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a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein

<Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.
Best regards,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
Will,
As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.
I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.
I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.
Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.
Regards
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From: Sarah Neville
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 11:25:36 AM

Thanks for keeping me in the loop, Sarah – not sure I've wrapped my head around this issue yet, but will try to do so today.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 11:10 AM
To: Lisa Stein ; Sarah Neville
Cc: William Tan
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah/Lisa,
Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.
Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Gavin He
To: William Tan
Cc: Sarah Neville; Sarah Harris; Shajee Kathirgamanathan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 18, 2017 10:53:18 AM

Hi William,
Based on the latest regulation, O.Reg 280/14, IESO is allowed to use the borrowing for FHP's purpose, but we are not sure if IESO is currently using the existing facility for FHP. Would the Funding team know?
It seems that there are still questions outstanding for this request, so I think it might be better to set up a meeting to discuss this further, as suggested by Sarah N. last week? Please let me know.
Regards,
Gavin He

From: William Tan
Sent: Tuesday, July 18, 2017 10:24 AM
To: Gavin He
Cc: Sarah Neville ; Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Hi Gavin,
We require clarification on a matter, I understand from the Credit Requirement Letter and from Salman that the existing credit facility could be used to fund timing variances for FHP purposes under the existing Regulations. Is IESO currently using the existing facility for timing variance purposes and are they labelled under RPP?
Thanks,
Will

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such

regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the

grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 11:25:36 AM

Thanks for keeping me in the loop, Sarah – not sure I've wrapped my head around this issue yet, but will try to do so today.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 11:10 AM
To: Lisa Stein ; Sarah Neville
Cc: William Tan
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah/Lisa,
Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.
Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
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Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

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Have a great weekend.

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From:	Bruno Amara
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 11:06:51 AM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

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Thanks for your help

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and ~~"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

Formatted: Indent: Left: 2.5", First line: 0.5"

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Bruno Amara
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 11:06:51 AM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and ~~"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

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Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Harris
To:	"Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 9:41:14 AM

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello'
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara ; Victor Buza ; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.
Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.
Regards

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To:	William Tan; "Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 9:03:44 AM

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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From: Gavin He
To: William Tan
Cc: Sarah Neville; Sarah Harris; Shajee Kathirgamanathan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 18, 2017 10:53:18 AM

Hi William,
Based on the latest regulation, O.Reg 280/14, IESO is allowed to use the borrowing for FHP's purpose, but we are not sure if IESO is currently using the existing facility for FHP. Would the Funding team know?
It seems that there are still questions outstanding for this request, so I think it might be better to set up a meeting to discuss this further, as suggested by Sarah N. last week? Please let me know.
Regards,
Gavin He

From: William Tan
Sent: Tuesday, July 18, 2017 10:24 AM
To: Gavin He
Cc: Sarah Neville ; Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Hi Gavin,
We require clarification on a matter, I understand from the Credit Requirement Letter and from Salman that the existing credit facility could be used to fund timing variances for FHP purposes under the existing Regulations. Is IESO currently using the existing facility for timing variance purposes and are they labelled under RPP?
Thanks,
Will

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such

regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the

grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony Martinello"
Cc:	Sarah Harris; Victor Buza; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, July 12, 2017 1:51:13 PM

Hello Anthony,
Thank you for your email. I am in the process of getting input from different departments on this matter. I will reply back as soon as I have answer for you.
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, July 10, 2017 4:08 PM
To: William Tan
Cc: Sarah Harris ; Victor Buza ; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
We are working on the $2B draft now.
Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
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Thanks,
Will

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William - any update? Regards.

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Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

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We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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To:	"Anthony Martinello"
Cc:	Sarah Harris; Victor Buza; Lisa Stein
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Date:	Wednesday, July 12, 2017 1:51:13 PM

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Cc: Sarah Harris ; Victor Buza ; Lisa Stein
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Regards.

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Sent: Wednesday, June 21, 2017 3:17 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
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Thanks,
Will

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Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 11, 2017 3:48:52 PM

Hi Will,
Has this been sent to OFA Legal and Bruno/Salman? We need to move this forward as quickly as possible.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, July 11, 2017 10:03 AM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,
Thanks for the revised mark-up. I've further amended some of your comments to refine or clarify them. Some overall feedback:
-Assume OFA Legal will review everything, including your comments. If you want them to opine on something specific, then ask them for it.
-If you are agnostic on whether to include something or not (i.e. in your mind the proposed change doesn't make a material difference), then I tend to go along with accepting the counterparty change. However, if what the counterparty wants to delete is a 'standard' in the form of our agreements, then you can argue to keep it.
-You can minimize your comments in the bubbles by simply saying "OK" or "Agree". No need to say "I agree with the change".
-Regarding Use of Funds under 2.3. Since Electricity Finance is better versed on the requirements for the funds, as well as the purpose of the existing agreement, you should run the change by them. Also, you rightly reference the twelve month payment restriction but it was in reference to the new $2B facility. The origins are in the current agreement, with the most recent iteration, I believe, from amendment #8. Always keep in mind all of the existing amendments when considering changes.
My suggestion is to look over my draft, and let me know if you have any questions/changes. Then send that draft to OFA Legal as well as Salman and Bruno, and myself. Lisa Stein is away until the 24th, so send it Sarah Neville, also cc' Lisa Stein.
Sarah N. is not familiar with the file, so you'll need to provide context for here in the e-mail, so be prepared to provide to her with some background, on the purpose of this amendment, as well as the original IESO request letter and the original credit agreement and amendments (along with that summary of amendments you updated). You can also let her know that we are concurrently working on a new $2B FHP Facility referred to in the letter (which is now with IESO), which has an approved Directive and underlying OIC which you can provide to her. We are expecting to receive comments on that draft in the near future as well, which may require her assistance if it arrives before Lisa returns..
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 3:30 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah,

Thank you for the suggestions. I have included your recommended changes.

From: Sarah Harris
Sent: Monday, July 10, 2017 1:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Will,

Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.

Please go through it again and resend to me.

Thanks,

Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

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Subject: RE: IESO : OFA new FH credit facility

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Sent: June 14, 2017 4:02 PM
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Cc: Sarah Harris; Salman Qadir
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We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 11, 2017 3:48:52 PM

Hi Will,
Has this been sent to OFA Legal and Bruno/Salman? We need to move this forward as quickly as possible.
Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, July 11, 2017 10:03 AM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,
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Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 3:30 PM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah,

Thank you for the suggestions. I have included your recommended changes.

From: Sarah Harris
Sent: Monday, July 10, 2017 1:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Please go through it again and resend to me.

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I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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From: Sarah Harris
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Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 11, 2017 10:02:36 AM
Attachments: OFA IESO Amending Agreement SH .docx

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), ~~the OFA and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

Formatted: Font: Bold

Commented [A1]: I agree with the change.

Commented [A2]: I suggest we keep this paragraph because the current change is to the credit facility amounts. This was provided to provide the reader context to the previous credit facility amount changes. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: I suggest we keep the crossed out paragraph 3 because it provides context to the reader. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A6]: I agree with IESO Legal by combining this paragraph and the paragraph above as seen in proposed paragraph two.

Commented [A7]: Fine.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40,~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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Commented [A10]: This is correct as of July 4 2017. Likely to change by mid-July.

Commented [A11]: Fine

Commented [A12]: To cofirm with Salman

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

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Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A14]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A15]: OFA Legal to comment. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A16]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, July 11, 2017 10:02:36 AM
Attachments: OFA IESO Amending Agreement SH .docx

Hi Will,
Thanks for the revised mark-up. I've further amended some of your comments to refine or clarify them. Some overall feedback:
-Assume OFA Legal will review everything, including your comments. If you want them to opine on something specific, then ask them for it.
-If you are agnostic on whether to include something or not (i.e. in your mind the proposed change doesn't make a material difference), then I tend to go along with accepting the counterparty change. However, if what the counterparty wants to delete is a 'standard' in the form of our agreements, then you can argue to keep it.
-You can minimize your comments in the bubbles by simply saying "OK" or "Agree". No need to say "I agree with the change".
-Regarding Use of Funds under 2.3. Since Electricity Finance is better versed on the requirements for the funds, as well as the purpose of the existing agreement, you should run the change by them. Also, you rightly reference the twelve month payment restriction but it was in reference to the new $2B facility. The origins are in the current agreement, with the most recent iteration, I believe, from amendment #8. Always keep in mind all of the existing amendments when considering changes.
My suggestion is to look over my draft, and let me know if you have any questions/changes. Then send that draft to OFA Legal as well as Salman and Bruno, and myself. Lisa Stein is away until the 24th, so send it Sarah Neville, also cc' Lisa Stein.
Sarah N. is not familiar with the file, so you'll need to provide context for here in the e-mail, so be prepared to provide to her with some background, on the purpose of this amendment, as well as the original IESO request letter and the original credit agreement and amendments (along with that summary of amendments you updated). You can also let her know that we are concurrently working on a new $2B FHP Facility referred to in the letter (which is now with IESO), which has an approved Directive and underlying OIC which you can provide to her. We are expecting to receive comments on that draft in the near future as well, which may require her assistance if it arrives before Lisa returns..
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 3:30 PM
To: Sarah Harris
Subject: RE: IESO : OFA new FH credit facility
Hi Sarah,
Thank you for the suggestions. I have included your recommended changes.

From: Sarah Harris
Sent: Monday, July 10, 2017 1:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Hi Will,

Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.
Please go through it again and resend to me.
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility
Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), ~~the OFA and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: I agree with the change.

Commented [A2]: I suggest we keep this paragraph because the current change is to the credit facility amounts. This was provided to provide the reader context to the previous credit facility amount changes. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: I suggest we keep the crossed out paragraph 3 because it provides context to the reader. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A6]: I agree with IESO Legal by combining this paragraph and the paragraph above as seen in proposed paragraph two.

Commented [A7]: Fine.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40,~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: To confirm with Salman

Commented [A9]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A10]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

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Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A14]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A15]: OFA Legal to comment. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A16]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From: Anthony Martinello
To: William Tan
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 4:08:05 PM

We are working on the $2B draft now.
Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

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Sent: Wednesday, June 21, 2017 11:25 AM
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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

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Subject: RE: IESO : OFA new FH credit facility

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Sent: June 14, 2017 4:02 PM
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Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 10, 2017 3:29:42 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah,
Thank you for the suggestions. I have included your recommended changes.

From: Sarah Harris
Sent: Monday, July 10, 2017 1:43 PM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,
Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.
Please go through it again and resend to me.
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

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Have a great weekend.

Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
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William - any update? Regards.

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Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), ~~the OFA and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: I agree with the change.

Commented [A2]: OFA Legal to comment to keep or remove.

I suggest we keep this paragraph because the current change is to the credit facility amounts. This was provided to provide the reader context to the previous credit facility amount changes. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A3]: OFA Legal to comment to keep here it is or move.

From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: OFA Legal to comment.

I agree with IESO's suggested change to cross out OPA and indicate "OPA or IESO".
To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: OFA Legal to comment to remove or keep.

I suggest we keep the crossed out paragraph 3 because it provides context to the reader. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A6]: OFA Legal to comment.

I agree with IESO Legal by combining this paragraph and the paragraph above as seen in proposed paragraph two.

Commented [A7]: OFA Legal to comment to keep or remove current balance of the grid note in this area.

The balance highlights the outstanding balance on the grid note. I do not have strong feelings to keep this or remove.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40,~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: I agree with these changes.

Commented [A9]: I agree with these changes.

Commented [A10]: OFA Legal to comment.

Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). The outstanding balance was inputted to because its relevant to the Grid Note.

Commented [A11]: This is correct as of July 4 2017. Likely to change by mid-July.

Commented [A12]: No comment.

Commented [A13]: OFA Legal to comment.
MOF LSB to comment on use of reference on regulation 280/14.

I agree with the change.
To be consistent with the new $2 billion credit facility, should we include "The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

Commented [A14]: Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A15]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A16]: OFA Legal to comment. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

Formatted: Indent: Left: 2.5", First line: 0.5"

By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A17]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
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21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
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21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 10, 2017 3:29:42 PM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah,
Thank you for the suggestions. I have included your recommended changes.

From: Sarah Harris
Sent: Monday, July 10, 2017 1:43 PM
To: William Tan
Subject: RE: IESO : OFA new FH credit facility

Hi Will,
Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.
Please go through it again and resend to me.
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), ~~the OFA and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: I agree with the change.

Commented [A2]: OFA Legal to comment to keep or remove.

I suggest we keep this paragraph because the current change is to the credit facility amounts. This was provided to provide the reader context to the previous credit facility amount changes. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A3]: OFA Legal to comment to keep here it is or move.

From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: OFA Legal to comment.

I agree with IESO's suggested change to cross out OPA and indicate "OPA or IESO".
To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: OFA Legal to comment to remove or keep.

I suggest we keep the crossed out paragraph 3 because it provides context to the reader. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A6]: OFA Legal to comment.

I agree with IESO Legal by combining this paragraph and the paragraph above as seen in proposed paragraph two.

Commented [A7]: OFA Legal to comment to keep or remove current balance of the grid note in this area.

The balance highlights the outstanding balance on the grid note. I do not have strong feelings to keep this or remove.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40,~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: I agree with these changes.

Commented [A9]: I agree with these changes.

Commented [A10]: OFA Legal to comment.

Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). The outstanding balance was inputted to because its relevant to the Grid Note.

Commented [A11]: This is correct as of July 4 2017. Likely to change by mid-July.

Commented [A12]: No comment.

Commented [A13]: OFA Legal to comment.
MOF LSB to comment on use of reference on regulation 280/14.

I agree with the change.
To be consistent with the new $2 billion credit facility, should we include "The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

Commented [A14]: Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A15]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Commented [A16]: OFA Legal to comment. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A17]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
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Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
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New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 4:53:02 PM

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

> The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2).

Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. *To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs

IESO to make adjustments

25.33

(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,

(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;

(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments

(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,

(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;

(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:

1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).

2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.

3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits
(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)
Variance accounts
(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).
Compliance
(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.
Adjustment not assignable
(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.
No cause of action
(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.
Happy to discuss the above should you have questions.
Thanks very much,
Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual

grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>;

'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 1:42:48 PM

Hi Will,
Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.
Please go through it again and resend to me.
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility
Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility
Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan

Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 1:42:48 PM

Hi Will,
Thanks for the track changes. What I think is necessary, wherever possible, is for you to first provide your thoughts as to IESO's proposed changed (indicate you agree or disagree with comment; and indicate "why" where relevant), and then OFA Legal or MoF Legal can respond to your thoughts (instead of, for example, "OFA Legal to comment or remove".) You've provided more fulsome comments in certain places; it needs to be done holistically. This is how we provide value as Documentation Analysts. It doesn't mean that OFA Legal will agree with you; it means you've analyzed the proposed changes and have made a determination about the appropriateness of the changes.
Please go through it again and resend to me.
Thanks,
Sarah

From: William Tan
Sent: Monday, July 10, 2017 1:17 PM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
I'll clean up this document before I send it to OFA legal. I have provided my comments. We can discuss today or tomorrow. The Track changes "All markup" version shows more of my comments than the "simplified" version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

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Cc:	Sarah Harris; Salman Qadir; Bruno Amara
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 07, 2017 3:08:31 PM
Attachments:	IESO_OFA Amendment No 10 CLEAN per IESO July 7_17.doc

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement, the IESO has executed and delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in

the principal amount of up to $475,000,000, which note indicates the total principal amount of advances outstanding as of the date hereof.

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

3. In exchange for the grid promissory note delivered hereunder, the OFA has cancelled and returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

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Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility
Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility
William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility
Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement, the IESO has executed and delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in

the principal amount of up to $475,000,000, which note indicates the total principal amount of advances outstanding as of the date hereof.

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

3. In exchange for the grid promissory note delivered hereunder, the OFA has cancelled and returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 3:01:32 PM
Attachments: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

---

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
We will be sending the legal documents early next week.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

Formatted: Indent: Left: 2.5", First line: 0.5"

By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
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20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 07, 2017 3:01:32 PM
Attachments: OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

---

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~ "), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~, which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

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By:_____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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Total Principal Advanced	**$114,383,131.40**

From:	Anthony Martinello
To:	William Tan
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 28, 2017 12:35:22 PM

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 28, 2017 10:12:15 AM

Hi William,
Is Sarah available as well? Perhaps we should all discuss.
Lisa

From: William Tan
Sent: Wednesday, June 28, 2017 9:59 AM
To: Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,
Please call me to discuss this when you have a moment.
Thanks,
Will

From: Salman Qadir
Sent: Wednesday, June 28, 2017 8:59 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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When the new one is ready, we would move over any drawdowns related to FHP to the new facility. Reducing the $975 to $475 before the new one is in effect would not work for IESO.

Regards,
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william.tan@ofina.on.ca

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Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, June 27, 2017 12:13:31 PM
Importance: High

Hi Will,

The issue we have then is that **we must** get the amendment done to reduce the existing credit facility to $975 million to $475 million by Friday, otherwise we have a facility bigger than we agreed for the implementing this whole FHP IESO funding structure. This should be a very quick amendment. I assume you send him the amending agreement? Please get Anthony on the phone again ASAP, to let him know that we still need to execute the amendment by the end of this week. After you contact Anthony, please send an e-mail to Salman, John Kim, Bruno, Lisa S., Linda and myself to let them know the status. That is, explaining that the credit facility draft the $2B facility is with IESO for their review, then explain what Anthony said, but then also explain that you've indicated to Anthony that we must execute by end of week the amending agreement to reduce the existing $975m credit facility to $475 million.

Thanks,

Sarah

From: William Tan
Sent: Tuesday, June 27, 2017 11:52 AM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility

Hello Sarah,

I spoke to Anthony on the telephone. He told me that his internal lawyers are reviewing the credit facility but comments won't returned until next week. He said that he is not concerned because he can draw on the $475 million credit facility and doesn't expect to exceed that. This was mentioned during his conversations with and Gadi (paraphrasing). He has a small legal team and they are working on a number of things and they are swamped.

I asked him if there are any hurdles I can help eliminate. He said no.

I politely mentioned that the directive says that the credit facility is to be in place July 1st . He said he would look at that and would light a fire under someone if he has too. I mentioned that other issue is the availability of signatories going into a holiday. He agreed.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, June 27, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

905-403-6944

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 11:25 AM
To: Anthony Martinello
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

May I have your telephone number so I can give you a call?

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 4:53:02 PM

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

> The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2).

Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. *To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs

IESO to make adjustments

25.33

(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,

(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;

(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments

(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,

(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;

(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and

(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:

1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).

2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.

3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits
(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)
Variance accounts
(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).
Compliance
(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.
Adjustment not assignable
(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.
No cause of action
(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.
Happy to discuss the above should you have questions.
Thanks very much,
Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual

grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility
Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Good morning Anthony,

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Thanks,

Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

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Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Thanks,

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Tuesday, June 27, 2017 12:13:31 PM
Importance: High

Hi Will,

The issue we have then is that **we must** get the amendment done to reduce the existing credit facility to $975 million to $475 million by Friday, otherwise we have a facility bigger than we agreed for the implementing this whole FHP IESO funding structure. This should be a very quick amendment. I assume you send him the amending agreement? Please get Anthony on the phone again ASAP, to let him know that we still need to execute the amendment by the end of this week. After you contact Anthony, please send an e-mail to Salman, John Kim, Bruno, Lisa S., Linda and myself to let them know the status. That is, explaining that the credit facility draft the $2B facility is with IESO for their review, then explain what Anthony said, but then also explain that you've indicated to Anthony that we must execute by end of week the amending agreement to reduce the existing $975m credit facility to $475 million.

Thanks,

Sarah

From: William Tan
Sent: Tuesday, June 27, 2017 11:52 AM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility

Hello Sarah,

I spoke to Anthony on the telephone. He told me that his internal lawyers are reviewing the credit facility but comments won't returned until next week. He said that he is not concerned because he can draw on the $475 million credit facility and doesn't expect to exceed that. This was mentioned during his conversations with and Gadi (paraphrasing). He has a small legal team and they are working on a number of things and they are swamped.

I asked him if there are any hurdles I can help eliminate. He said no.

I politely mentioned that the directive says that the credit facility is to be in place July 1st . He said he would look at that and would light a fire under someone if he has too. I mentioned that other issue is the availability of signatories going into a holiday. He agreed.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, June 27, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

905-403-6944

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 11:25 AM
To: Anthony Martinello
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

May I have your telephone number so I can give you a call?

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 1:27:47 PM

Please note, I am still reviewing.
Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following

conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi
I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.
Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility
Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Victor Buza | Senior Counsel
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 1:27:47 PM

Please note, I am still reviewing.
Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He
Cc: Bruno Amara ; Sarah Neville ; Sarah Harris ; Lisa Stein ; Salman Qadir
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,
The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.
I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following

conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,
Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.
Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.
Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.
It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?
With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.
Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.
Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,
Please see below IESO's answer on the Use of Proceeds.
Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility
Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility
Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman

Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir

Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Bruno Amara; Sarah Neville
Cc:	Lisa Stein; Gavin He; John Kim; Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Sunday, July 16, 2017 2:38:28 PM
Attachments:	OFA IESO Amending Agreement 10.docx compare.docx

Hello,
Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.
Thanks,
Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville ; William Tan ; Sarah Harris
Cc: Lisa Stein ; Gavin He ; John Kim
Subject: RE: IESO : OFA new FH credit facility

Hi
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Let me know if you have any other questions.

Regards,

Victor

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Sent: Thursday, July 13, 2017 11:06 AM
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Subject: RE: IESO : OFA new FH credit facility

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Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Thanks,

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Subject: FW: IESO : OFA new FH credit facility

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Thanks,

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Have a great weekend.

Will

From: William Tan
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To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the~~"), OPA ~~and~~or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS**~~ effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* ~~(the "Amalgamation")~~ with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO,

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~ In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.

Total Principal Advanced	$114,383,131.40

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
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19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Sarah Harris
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 21, 2017 1:53:04 PM
Attachments: Hello Victor.docx

Hi Will,
Please see my proposed changes in the attached document.
I will be in a call between 2 and 3 p.m.
If you are okay with it, please send it to Victor, cc'ing all parties (including Anthony), and please also add Kelly Listoe as well. If I have misunderstood anything, you can correct it and send it out; if you need to, please run it by Sarah N.
Thanks,
Sarah

From: William Tan
Sent: Friday, July 21, 2017 1:16 PM
To: Sarah Harris
Subject: FW: IESO : OFA new FH credit facility

Hello Sarah,
This is my draft email to Victor and Anthony. Let's discuss.
Hello Victor,
We apologize for the delay in replying back. The proposed changes to Amending Agreement 10, which triggered internal discussions which led to the delays. If we can agree to "sticking points" I can send you a draft early next week.

Paragraph 2

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. The mark-up tracks changes to the OFA's original drafting.

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40 . "

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Paragraph 4, "Use of Proceeds"

Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before

the summer break.

Directive Minister of Finance Ontario Power Authority Credit Facility - Dec 18, 2013 allows for:

- Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

Directive Minister of Finance Independent Electricity System Operator Credit Facility - Nov 28, 2016 allows for:

- Provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

IESO proposed change to "Use of Proceeds".

"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time." "

IESO proposed change to "Use of Proceeds".

"4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:
"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes." "

Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>;

'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. ~~.~~ ~~T~~The proposed change~~s~~ regarding the Use of Proceeds ~~to Amending Agreement 10, which triggered~~required internal discussion~~s~~ to work through~~s~~ t~~which led to the delays~~he proposed wording. I will send you a revised mark-up next week, but ~~If we can agree~~ would ask if IESO is able to agree to the following key items:

~~**Paragraph 4 - to "sticking points" I can send you a draft early next week.**~~

USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes**."*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language~~.~~:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered. ~~The mark-up tracks changes to the OFA's original drafting.~~

~~"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40 . "~~

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This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

~~Paragraph 4, "Use of Proceeds"~~

~~Unfortunately the Directives signed by the Minister of Finance back in 2013 & 2016 have very specific uses in regards to "Use of Proceeds". Examples are provided below. As workaround we propose amending your proposed change . This is a short-term solution. The alternative is extremely time sensitive, which would require a final Directive be provide to the Minister for signature before the summer break.~~

~~Directive Minister of Finance Ontario Power Authority Credit Facility - Dec 18, 2013 allows for:~~

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~~"4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:~~

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Thanks,

Will

From:	Caroline Swerdlyk
To:	William Tan
Cc:	Sarah Harris; Sarah Neville
Subject:	RE: IESO agreements
Date:	Monday, August 28, 2017 10:04:20 AM

Thanks for the update.

From: William Tan
Sent: Monday, August 28, 2017 10:00 AM
To: Caroline Swerdlyk
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO agreements

Hello Caroline,

Anthony (IESO) will be sending comments on the FHP Credit Facility Agreement and existing $975 million credit facility agreement today. Provided there is nothing unexpected in IESO's comments we hope to execute the agreements by Thursday, given IESO's discussion with Moody's that the credit facility agreement would be executed by the end of August.

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 25, 2017 2:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO agreements

Thank you

From: William Tan
Sent: Friday, August 25, 2017 2:59 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO agreements

Hi Lisa,

John informed us this morning that we are aiming for the minister designate to sign on Tuesday.

Yes, we are awaiting IESO's comments on the agreements.

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 25, 2017 2:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: IESO agreements

Hi Sarah and Will,

Do you have an update on the IESO agreements? Are we still waiting for comments from the IESO? As you know, I will be away on vacation next week. Caroline has been briefed on this file and will be monitoring it in my absence.

Thank you,

Lisa

From: William Tan
To: Caroline Swerdlyk
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO agreements
Date: Monday, August 28, 2017 9:59:39 AM

Hello Caroline,
Anthony (IESO) will be sending comments on the FHP Credit Facility Agreement and existing $975 million credit facility agreement today. Provided there is nothing unexpected in IESO's comments we hope to execute the agreements by Thursday, given IESO's discussion with Moody's that the credit facility agreement would be executed by the end of August.
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Lisa

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Caroline Swerdlyk
Subject:	RE: IESO agreements
Date:	Friday, August 25, 2017 2:59:19 PM

Thank you

From: William Tan
Sent: Friday, August 25, 2017 2:59 PM
To: Lisa Stein
Cc: Sarah Harris ; Caroline Swerdlyk
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Lisa

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Caroline Swerdlyk
Subject: RE: IESO agreements
Date: Friday, August 25, 2017 2:58:51 PM

Hi Lisa,
John informed us this morning that we are aiming for the minister designate to sign on Tuesday.
Yes, we are awaiting IESO's comments on the agreements.
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 25, 2017 2:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
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Thank you,

Lisa

From:	John Kim
To:	Sarah Harris
Cc:	Bruno Amara
Subject:	RE: IESO credit facility
Date:	Tuesday, August 22, 2017 5:18:21 PM

Thanks….I will give Anthony a shout.

From: Sarah Harris
Sent: Tuesday, August 22, 2017 12:53 PM
To: John Kim
Cc: Bruno Amara
Subject: RE: IESO credit facility

Hi John,

Anthony at IESO told Will that he had been in discussion with Moody's and that he told Moody's that the $2B facility would be executed by the end of the month (August). Moody's is aware of the balance under the existing $975 facility, and Moody's has taken into account the availability of $2B line, so it is a credibility issue for IESO in supporting IESO's rating. Anthony also communicated to their CFO that the facility would be executed by end of month.

This is why Anthony had requested to see a copy of the directive, that is, so he could provide assurance to parties at this end that all was in order for the credit facility to be executed past the end of the month.

We had communicated to Anthony that we expected that the directive would be signed this week so we could execute the agreements this week.

If we can get the directive signed on Monday or Tuesday, we could still get the credit facilities executed by end of month. However, before we give IESO a further update, we should confirm that this will be occurring.

Sarah

From: John Kim
Sent: Tuesday, August 22, 2017 12:33 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO credit facility

Hi Sarah,

I know you have had the contact with Anthony at IESO. The alternate to our M is away until next week. Did I get the rationale for the urgency right if I say – IESO has some sort of credit agency meeting scheduled or have ongoing discussions as a rated entity?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Sarah Harris
To: John Kim
Cc: Bruno Amara
Subject: RE: IESO credit facility
Date: Tuesday, August 22, 2017 12:52:44 PM

Hi John,
Anthony at IESO told Will that he had been in discussion with Moody's and that he told Moody's that the $2B facility would be executed by the end of the month (August). Moody's is aware of the balance under the existing $975 facility, and Moody's has taken into account the availability of $2B line, so it is a credibility issue for IESO in supporting IESO's rating. Anthony also communicated to their CFO that the facility would be executed by end of month.
This is why Anthony had requested to see a copy of the directive, that is, so he could provide assurance to parties at this end that all was in order for the credit facility to be executed past the end of the month.
We had communicated to Anthony that we expected that the directive would be signed this week so we could execute the agreements this week.
If we can get the directive signed on Monday or Tuesday, we could still get the credit facilities executed by end of month. However, before we give IESO a further update, we should confirm that this will be occurring.
Sarah

From: John Kim
Sent: Tuesday, August 22, 2017 12:33 PM
To: Sarah Harris
Cc: Bruno Amara
Subject: IESO credit facility
Hi Sarah,
I know you have had the contact with Anthony at IESO. The alternate to our M is away until next week. Did I get the rationale for the urgency right if I say – IESO has some sort of credit agency meeting scheduled or have ongoing discussions as a rated entity?
John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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Ph: 416-212-6996

From:	John Kim
To:	Sarah Harris
Cc:	Bruno Amara
Subject:	RE: IESO credit facility
Date:	Tuesday, August 22, 2017 5:18:21 PM

Thanks….I will give Anthony a shout.

From: Sarah Harris
Sent: Tuesday, August 22, 2017 12:53 PM
To: John Kim
Cc: Bruno Amara
Subject: RE: IESO credit facility

Hi John,

Anthony at IESO told Will that he had been in discussion with Moody's and that he told Moody's that the $2B facility would be executed by the end of the month (August). Moody's is aware of the balance under the existing $975 facility, and Moody's has taken into account the availability of $2B line, so it is a credibility issue for IESO in supporting IESO's rating. Anthony also communicated to their CFO that the facility would be executed by end of month.

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e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	Lisa Stein
To:	Bruno Amara
Cc:	Salman Qadir; Sarah Harris; Gavin He
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:26:09 AM

Okay thank you. Please let me know if further changes are required after MOF Legal review.

From: Bruno Amara
Sent: Monday, June 26, 2017 10:25 AM
To: Lisa Stein
Cc: Salman Qadir ; Sarah Harris ; Gavin He
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa

Sorry, No changes since last.

Thanks

Bruno

From: Lisa Stein
Sent: Monday, June 26, 2017 10:21 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

I'm aware of the new credit facility and I've already provided advice. Please advise if anything has changed that requires my review since my last review.

From: Gavin He
Sent: Monday, June 26, 2017 10:20 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa,

This is a new credit facility to be in place for IESO. The existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs and to ensure operational efficiency and tracking of related interest costs.

Hope this helps.

Regards,

Gavin He

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
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Hi Gavin,

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facility?
Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
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Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

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From: Sarah Harris
To: John Kim
Cc: Bruno Amara
Subject: RE: Intercept provision
Date: Wednesday, August 16, 2017 11:51:29 AM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx.msg

---

Hi John,

I only have Lisa's proposed draft language from an earlier draft of the agreement (attached, section 5.7)), which is the following:

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

(Note: At this point, this language has only been shared internally amongst Bruno, Toby, Will and myself.)

I don't have the intercept language from the other MOU that Lisa referenced in our meeting.

Thanks,

Sarah

From: John Kim
Sent: Wednesday, August 16, 2017 11:43 AM
To: Sarah Harris
Cc: Bruno Amara
Subject: Intercept provision

Hi Sarah,

I have a bit of a wrinkle….if you have the intercept provision, could you send to us?

Thanks,

John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Lisa Stein []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: William Tan [William.Tan@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 10, 2017 09:58:24
Attachment 1: FHP credit facility agreement draft Aug 4 OFA Legal.docx

---

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada,~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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Commented [LS2]: For further discussion

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

Commented [LS3]: NTD: Program area to add back swap language?

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

Commented [LS5]: Bruno: Please advise if you are comfortable with this deletion, as suggested by Toby. I am in agreement with his approach; if we add in "unsubordinated" it may require further discussions with IESO counsel (based on earlier comments/discussions).

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any

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amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: John Kim
Cc: Bruno Amara
Subject: RE: Intercept provision
Date: Wednesday, August 16, 2017 11:51:29 AM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx.msg

---

Hi John,

I only have Lisa's proposed draft language from an earlier draft of the agreement (attached, section 5.7)), which is the following:

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

(Note: At this point, this language has only been shared internally amongst Bruno, Toby, Will and myself.)

I don't have the intercept language from the other MOU that Lisa referenced in our meeting.

Thanks,

Sarah

From: John Kim
Sent: Wednesday, August 16, 2017 11:43 AM
To: Sarah Harris
Cc: Bruno Amara
Subject: Intercept provision

Hi Sarah,

I have a bit of a wrinkle….if you have the intercept provision, could you send to us?

Thanks,

John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Lisa Stein []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: William Tan [William.Tan@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 10, 2017 09:58:24
Attachment 1: FHP credit facility agreement draft Aug 4 OFA Legal.docx

---

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada,~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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Commented [LS2]: For further discussion

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

Commented [LS3]: NTD: Program area to add back swap language?

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

Commented [LS5]: Bruno: Please advise if you are comfortable with this deletion, as suggested by Toby. I am in agreement with his approach; if we add in "unsubordinated" it may require further discussions with IESO counsel (based on earlier comments/discussions).

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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Commented [TPW6]: This language references the term in the Bankruptcy and Insolvency Act, but I amended it to .

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any

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amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS9]: For discussion. What is the origin of this amendment?

Commented [LS10]: For discussion.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: John Kim
To: Sarah Harris
Cc: Bruno Amara
Subject: RE: Intercept provision
Date: Wednesday, August 16, 2017 3:30:07 PM

Fyi, I did let Lisa know who is drafting the direction for tomorrow's timeline. My understanding is that OFA decided on that course.

From: Sarah Harris
Sent: Wednesday, August 16, 2017 11:51 AM
To: John Kim
Cc: Bruno Amara
Subject: RE: Intercept provision

Hi John,

I only have Lisa's proposed draft language from an earlier draft of the agreement (attached, section 5.7)), which is the following:

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

(Note: At this point, this language has only been shared internally amongst Bruno, Toby, Will and myself.)

I don't have the intercept language from the other MOU that Lisa referenced in our meeting.

Thanks,

Sarah

From: John Kim
Sent: Wednesday, August 16, 2017 11:43 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Intercept provision

Hi Sarah,

I have a bit of a wrinkle….if you have the intercept provision, could you send to us?

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	RE: Loan agreement question re limit on rate of interest
Date:	Friday, July 28, 2017 6:01:43 PM

Hi Lisa,

Jean-Francois, Kelly and I discussed this section before we removed it. I wasn't involved in negotiating those agreements. I will have to defer to JF.

-----Original Message-----
From: Lisa Stein
Sent: Friday, July 28, 2017 5:40 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi William. Was this decision based on legal advice? If so, who was involved?

Thank you,

Lisa

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Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Hi Lisa

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Cc: Khalid, Maryam (MOF)
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Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Missed conversation with William Tan
Date:	Tuesday, August 15, 2017 4:06:26 PM

Hi Will,

Yes, in order to clean up the draft, please accept any IESO amendments that we are in agreement with and that do not require further discussion. Please leave in all OFA amendments and comments (except for internal discussion comments) for IESO review. Please make all additional changes as discussed and send to me for review before we send to IESO.

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From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx
Date: Friday, July 21, 2017 12:08:28 PM

Hello Sarah N,
I agree with your suggestion. I will send IESO an email in regards to the comments in response to points 1) and 2).
Thanks,
Will

From: Sarah Neville
Sent: Friday, July 21, 2017 10:16 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx

Hi -
I am working from home today and I don't have two screens or printing capability so am a bit concerned that I am not going to be able to effectively untangle the drafting/track changes confusion without creating more confusion. I will be able to do this fairly quickly first thing on Monday morning once I can see IESO's original draft, OFA's original draft and our proposed changes to IESO's comments.
That said, I am aware time is ticking and we need to know if we need to get a new directive moving to the Minister which means we need to know if IESO will accept our liquidity purposes limitation.
I would propose the following: that you, send an e-mail to IESO with the following substantive comments and ask for their response:

1) We do not agree to change the wording in para 2 and 3 with respect to the delivery of the new prom note and cancellation and return of the old prom note [you can insert the reasons supporting this position which are in the comment boxes on the draft circulating late yesterday];
2) Provide IESO with a cut and paste of the revised language for the use of proceeds in para 4 as set out below and ask if they are ok with this?:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

Please let me know if you accept this approach.
Thanks very much,
Sarah

From: William Tan
Sent: Friday, July 21, 2017 9:21 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement 10 (v2).docx

HI Sarah N,

Thank you for helping me with the changes. I really appreciate it.
The draft I circulated on July 11, includes both IESO and my changes. Most of the comments are mine.
I have attached the originals from IESO .

From: Sarah Neville
Sent: Thursday, July 20, 2017 5:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: OFA IESO Amending Agreement 10 (v2).docx

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Please also note that I recommend deleting one of the comment boxes as in my view it is not relevant.
Please let me know if you have questions or would like to discuss.
Thanks very much,
Sarah

From: Sarah Neville
To: William Tan
Cc: Sarah Harris; Lisa Stein
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx
Date: Friday, July 21, 2017 10:16:17 AM

Hi -

I am working from home today and I don't have two screens or printing capability so am a bit concerned that I am not going to be able to effectively untangle the drafting/track changes confusion without creating more confusion. I will be able to do this fairly quickly first thing on Monday morning once I can see IESO's original draft, OFA's original draft and our proposed changes to IESO's comments.

That said, I am aware time is ticking and we need to know if we need to get a new directive moving to the Minister which means we need to know if IESO will accept our liquidity purposes limitation.

I would propose the following: that you, send an e-mail to IESO with the following substantive comments and ask for their response:

1) We do not agree to change the wording in para 2 and 3 with respect to the delivery of the new prom note and cancellation and return of the old prom note [you can insert the reasons supporting this position which are in the comment boxes on the draft circulating late yesterday];
2) Provide IESO with a cut and paste of the revised language for the use of proceeds in para 4 as set out below and ask if they are ok with this?:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

Please let me know if you accept this approach.

Thanks very much,

Sarah

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Thanks very much,
Sarah

From: Sarah Neville
To: William Tan
Cc: Sarah Harris; Lisa Stein
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx
Date: Friday, July 21, 2017 12:32:55 PM

Thanks Will, I will turn around a clear mark-up on Monday morning, and hopefully we will have feedback from IESO by then.
Thanks very much,
Sarah

From: William Tan
Sent: Friday, July 21, 2017 12:08 PM
To: Sarah Neville
Cc: Sarah Harris ; Lisa Stein
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx

Hello Sarah N,
I agree with your suggestion. I will send IESO an email in regards to the comments in response to points 1) and 2).
Thanks,
Will

From: Sarah Neville
Sent: Friday, July 21, 2017 10:16 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement 10 (v2).docx

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Thanks very much,
Sarah

From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Shajee Kathirgamanathan; Sarah Harris
Subject:	RE: OFA IESO Amending Agreement 10.docx
Date:	Thursday, July 20, 2017 3:30:05 PM

Happy to. Just hopping on a call and then I will review.
Sarah

From: William Tan
Sent: Thursday, July 20, 2017 3:28 PM
To: Sarah Neville ; Gavin He
Cc: Shajee Kathirgamanathan ; Sarah Harris
Subject: RE: OFA IESO Amending Agreement 10.docx

Hi Gavin,
I cleaned up the Amending Agreement 10, to help eliminate some of the confusion.
Sarah N, do you mind taking a quick look. I hope I captured everything.

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Sent: Thursday, July 20, 2017 1:01 PM
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Thanks very much,
Sarah

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To:	Sarah Neville; Gavin He
Cc:	Shajee Kathirgamanathan; Sarah Harris
Subject:	RE: OFA IESO Amending Agreement 10.docx
Date:	Thursday, July 20, 2017 3:27:39 PM
Attachments:	OFA IESO Amending Agreement 10 (v2).docx

Hi Gavin,

I cleaned up the Amending Agreement 10, to help eliminate some of the confusion.

Sarah N, do you mind taking a quick look. I hope I captured everything.

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Cc: Gavin He ; Shajee Kathirgamanathan ; Sarah Harris

Subject: OFA IESO Amending Agreement 10.docx

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The alternative approach is to take the version we sent them and track in those changes we agree with from IESO's draft.

Please let me know if you have comments or would like to discuss any of my changes.

Thanks very much,

Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or Independent Electricity System Operator ("IESO") (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

Commented [A1]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amont of up to $475,000,000; and (ii) to amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Aadvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $114,383,131.40.

3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time and provided that Advances may be used only for liquity purposes.".

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A2]: Agreed, subject to change.

Commented [A3]: Anthony,

This language should revert back to the original language. Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Commented [A4]: Anthony,

This should should revert back to the original language because OFA would not cancel the existing Grid Note until we receive the new one Grid Note is received.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A5]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A6]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A7]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A8]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From: William Tan
To: Sarah Harris
Subject: RE: OFA IESO Amending Agreement 10.docx
Date: Thursday, July 20, 2017 4:31:08 PM

Hi Sara
Gavin was confused by Sarah N, comments. Hopefully my new version clarifies it for him. He still wants to discuss with his team again.

From: Sarah Neville
Sent: Thursday, July 20, 2017 3:30 PM
To: William Tan ; Gavin He
Cc: Shajee Kathirgamanathan ; Sarah Harris
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Thanks very much,
Sarah

From: Opal Kandelas
To: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date: Tuesday, August 15, 2017 4:44:17 PM

Hi, just had a discussion with John Kim. He was asking if there is a risk for the intercept mechanism to be included in the agreement. I told him I didn't think so. The bigger issue was that we didn't want to raise red flags to the credit rating agencies by getting a security interest in the regulatory asset and I thought that if we are sure that the intercept mechanism has no effect in the IESO agreement, then put it in and get the agreement done.
He is trying to avoid going to the minister with a new directive- I honestly don't blame him. I wouldn't do it!

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:23 PM
To: Opal Kandelas
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
FYI

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Hi Lisa,
The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.
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Sent: Tuesday, August 15, 2017 10:36 AM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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From:	Gavin He
To:	Sarah Neville; William Tan
Cc:	Sarah Harris; Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date:	Monday, July 24, 2017 2:38:44 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Hi Sarah/William,

Thanks for cleaning this up. We are good with the edits on paragraph 4 ("use of proceed") and have no other edits.

In addition, I just fixed the "Author" issue, so the tracked changes should show the proper names going forward.

Regards,

Gavin He

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Sent: Monday, July 24, 2017 9:58 AM
To: William Tan
Cc: Sarah Harris ; Gavin He ; Lisa Stein ; Shajee Kathirgamanathan
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Importance: High

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Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Thanks very much and best regards,

Sarah

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: William Tan
To: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date: Monday, July 24, 2017 10:34:42 AM

Thanks for the reminder.

From: Sarah Harris
Sent: Monday, July 24, 2017 10:32 AM
To: William Tan
Subject: Re: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Hi Will,
Please copy Kelly on all IESO and ask all other parties to do so as well.
Thanks,
Sarah

Sent from my iPhone

On Jul 24, 2017, at 10:29 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> Good morning Sarah,
> I had an uneventful weekend but relaxing weekend. Thanks for asking.
> I'll send this to IESO once they confirm back to me that they are fine with all the changes.
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> Will
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> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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Cc:	William Tan; Bruno Amara; Ken Kandeepan
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Date:	Tuesday, August 15, 2017 1:37:09 PM

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Ontario Financing Authority
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,

Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
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Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.

I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein

Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Hi Will and JF,
Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.
Thank you,
Lisa
Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Bruno Amara; Ken Kandeepan
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:20:29 PM
Attachments:	RE Policy questions re OFHP Credit Facility Agreement .msg

Hi Lisa,

The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.

We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).

Thanks,

Sarah

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Ken Kandeepan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Friday, August 11, 2017 09:39:57

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to

the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free

and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah
From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Bruno Amara; Ken Kandeepan
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:20:29 PM
Attachments:	RE Policy questions re OFHP Credit Facility Agreement .msg

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Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,

Will

From: William Tan

Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
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Thanks,
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From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
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Hello Lisa,
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I have removed the data from the grid note. Please let me know if this is satisfactory.
Thanks,
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From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,
Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From: Ken Kandeepan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Friday, August 11, 2017 09:39:57

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to

the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free

and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah
From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date: Tuesday, August 15, 2017 10:36:23 AM

Hi Will,
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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
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Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 10:30:29 AM

Hello Lisa,
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From: Opal Kandelas
To: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date: Tuesday, August 15, 2017 4:44:17 PM

Hi, just had a discussion with John Kim. He was asking if there is a risk for the intercept mechanism to be included in the agreement. I told him I didn't think so. The bigger issue was that we didn't want to raise red flags to the credit rating agencies by getting a security interest in the regulatory asset and I thought that if we are sure that the intercept mechanism has no effect in the IESO agreement, then put it in and get the agreement done.
He is trying to avoid going to the minister with a new directive- I honestly don't blame him. I wouldn't do it!

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:23 PM
To: Opal Kandelas
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
FYI

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Hi Lisa,
The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.
We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).
Thanks,
Sarah

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Hi Will,
I believe business decisions regarding next steps are required before we can amend this agreement.

I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.
Lisa

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From: Andrea Dalgarno
To: Sarah Harris
Subject: RE: OFA Loan Update from CFB
Date: Tuesday, July 11, 2017 11:31:04 AM
Attachments: OFA Loan OICs 11-July-17 am (rec to Acctng).xlsx

---

Hi Sarah,

I updated and reconciled to extent possible based on this morning's balances in OLMS.

I can't tie Fanshawe back to TAS taking into account activity since year end- need fresh eyes- I can show you what I used to try to figure it out.

I built my used authority figure as follows:

1) Picked up Loan Outstanding Balance from OLMS report run this morning
2) Determined difference to TAS
3) Identified repayment, advances and compounded interest that seemed to address difference
4) Overrode O/S report with max limit for Construction Loans and LOC

Still trying to figure out methodology used las time with breaking out advances and capitalized interest. IF you could see if you can figure out how Fanshawe works it would be great as I have spent hours now and not tied it to TAS by adjusting for activity since year end. We could look together perhaps?

I am going to keep trying to figure out the other.

Regards,

Andrea

From: Sarah Harris
Sent: Monday, July 10, 2017 2:28 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: FW: OFA Loan Update from CFB

Hi Andrea,

I can see that it will be the blind leading the blind.

When you're free, let's discuss. I know you do have a couple of things on your plate right now. We might throw this to another analyst, given your docket, but if so, I'd like to give a 'formal hand-off' with your input.

Thanks,
Sarah

From: Daki Proudfoot
Sent: Friday, July 07, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Update from CFB

Hello Sarah,

Mara informed me that Documentation would like to have the attached file confirmed by our group. I'll review the document, but I was hoping to ask a few questions for what you need.

- Which date do we want these dollar values to reflect? Do we want these dollar values to still reflect the "as at May 5" date?
- For the Repaid and Capitalized Interest columns, shall we connect and discuss what kind of entries you're looking for here?

I'm available to discuss over the phone or I don't mind coming up to your floor either. Please let me know when a good time would be.

Thanks,

Daki Proudfoot
Economic Specialist

Ontario Financing Authority
1 Dundas Street West, Suite 300
Toronto, ON M7A 1Y7
Office: (416) 325 3074 | Mobile: (647) 534 4091
daki.proudfoot@ofina.on.ca

As of July 11, 2017 AM

Loan Agreements										OIC			TAS 3/31/2017	Difference	Note Re Difference	Adjusted BA Allocated (Construction Loans and LOC at max)
Borrower	**Initial Loan Amount / Maximum Availability**	**Effective Date**	**Maturity Date**	**Type**	**Revolving**	**Advances**	**Repaid**	**Capitalized Interest (Construction)**	**Available for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**				
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			$18,842,922.97	19137704.22	$ 294,781.25	OK-Principal payment since 3/31/2017	$18,842,922.97
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			$4,300,244.25	see below			$4,300,244.25
Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			$6,161,335.70	$ 10,515,636.22	-$54,056.27	OK-Principal payment since 3/31/2017	$6,161,335.70
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	$53,177.26	see below			$53,177.26
Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	$805,228.41	see below			$805,228.41
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	$8,314,608.62	$ 9,411,678.06	-$238,663.77	OK-Principal payment since 3/31/2017	$8,314,608.62
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			$1,077,654.85	see below			$1,077,654.85
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			$1,867,570.41	see below			$1,867,570.41
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			$800,395.27	$ 3,873,341.83	-$127,721.30	OK-Principal payment since 3/31/2017	$800,395.27
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	$11,959,060.56	see below			$11,959,060.56
Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						$14,800,448.10	$ 27,280,663.09	-$521,154.43	OK-Principal payment since 3/31/2017	$14,800,448.10
City Of Windsor	$26,414,693.90	June 26, 1997	March 31, 2021		No	**$26,414,693.90**			$0.00	OIC 675/97	Yes	$8,171,389.88	$ 8,171,389.88	$ 0.01		$8,171,389.87
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			$10,623,908.59	see below			$10,623,908.59
Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						$20,894,552.12	$ 32,564,171.42	-$1,045,710.71	OK-Principal payment since 3/31/2017	$20,894,552.12
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			$757,167.55	see below			$757,167.55
Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**$4,415,000.00**						$5,627,383.77	$ 6,372,167.56	$12,383.76	**8491.73+3895.04=12383.76 C Interest on Loan ID 1300**	$10,600,000.00
Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						$4,705,780.69	$ 4,705,780.69	$ -		$4,705,780.69
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			$17,654,049.00	see below		$16,214.95 should be E interest but in rev	$17,654,049.00
Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						$19,012,970.96	$ 32,706,075.76	-$1,040,594.20	Principal payment $7,272.75 since 3/31/2017/Advance Jun 7 CAN	-$29,198.15 $22,300,000.00
George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**			$0.00			$15,727,200.02	see below			$15,727,200.02
George Brown College	$40,000,000.00		June 24, 2041		No	**$40,000,000.00**						$39,253,575.32	$ 56,619,153.90	-$1,638,378.58	OK-Principal payment since 3/31/2017	$39,253,575.32
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	$430,213.30	see below			$430,213.30
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	$517,553.83	see below			$517,553.83
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	$812,514.61	$ 1,760,205.03	$76.77	**Transition Difference PBPS to TAS per accounting**	$812,514.61
IESO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**						$109,986,030.30	$81,208,758.62	-$28,777,271.68	OK-Principal payment since 3/31/2017+ Advance 109.9860303 M	$975,000,000.00
NEW IESO	$475,000,000.00		June 16, 2018	Line of Credit	No							$3,203,101.95				$475,000,000.00
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	$3,106,850.13	$ 3,147,935.78	$ 41,085.65	OK-Principal payment since 3/31/2017	$3,106,850.13
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	$3,179,004.08	see below			$3,179,004.08
Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			$1,999,345.97	$ 5,504,597.74	-$129,247.68	OK-Principal payment since 3/31/2017	$1,999,345.97
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	$5,210,243.30	see below			$5,210,243.30
Mohawk College	$34,805,516.70		November 25, 2038		No	**$34,805,516.70**			$0.00			$32,027,184.16	see below			$32,027,184.16
Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			$8,965,667.72	$ 47,003,150.45	-$800,055.27	OK-Principal payment since 3/31/2017	$8,965,667.72
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	$4,553,428.59	$ 4,553,428.59	$ -		$4,553,428.59
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2023	Line of Credit	Yes	**$0.00**			$200,000,000.00	OIC 675/97	Yes	$0.00	$ -	$ -	*Nothing Outstanding no further Advances Permitted*	$0.00
Partial Prepayment approx 11M 2/5/2014 Ontario Lottery & Gaming	$12,000,324.55	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			$3,043,699.30	See below			$3,043,699.30
Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						$28,700,000.00	$ 31,769,122.82	-$2,025,423.52	OK-Principal payment since 3/31/2017	$89,150,000.00
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	$855,781.17	See below			$855,781.17
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	$1,575,351.16	$ 2,564,245.12	-$133,332.79	OK-Principal payment since 3/31/2017	$1,575,351.16
Ontario Science Centre	$40,000,000.00	August 11, 2011	September 1, 2036	Construction	No	**$40,000,000.00**			$0.00			**$47,114,846.88**	$ 47,114,846.88	$ 0.00	**$33,332 in T4A now that HWB error so does not appear. Capital is at $14,646.88**	$40,000,000.00
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			$26,000,000.00	$ 26,000,000.00	$ -		$26,000,000.00
Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						$40,180,436.04	$ 40,180,436.04	$ -		$40,180,436.04
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			$10,716,887.37	$ 11,168,133.00	$ 451,245.63	OK-Principal payment since 3/31/2017	$10,716,887.37
St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						$1,114,514.58	see below			$1,114,514.58
St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						$2,940,154.72	$ 4,774,060.60	-$719,391.30	OK-Principal payment since 3/31/2017	$2,940,154.72
The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						$1,023,088.91	see below			$1,023,088.91
The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						$2,597,483.05	see below			$2,597,483.05
The Sault College of Applied A&T	$6,500,000.00		April 16, 2018	Construction	No	**$6,500,000.00**						$2,004,360.55	$ 3,902,770.53	$1,722,161.98	OK-Principal payment since 3/31/2017 (282198.58+ New Apr 3 LOAN (2m) +C int 4360.55	$6,500,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			$2,823,716.00	$ 5,501,179.00	$ 2,677,463.00	OK-Principal payment since 3/31/2017	$2,823,716.00

OIC Summary						Adjusted (LOC and Contruction at Max Available)	
	Opening Balance under OIC	**Used portion of OIC under Loan Agreements**	**Remaining Balance Under OIC**	**Maturity**	**Revolving?**	**Used portion of OIC under Loan Agreements**	**Remaining Balance Under OIC**
OIC 675/97	$2,160,000,000.00	$656,288,891.36	$1,603,711,108.64	June 1, 2041	Yes	$1,959,190,189.59	$200,809,810.41
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes	$0.00	$656,000,000.00

Data removed from above table:

	Borrower	**Initial Loan Amount / Maximum Availability**	**Effective Date**	**Maturity Date**	**Type**	**Revolving**	**Advances**	**Repaid**	**Capitalized Interest (Construction)**	**Available for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
	College boréal d'arts appliqués et de technologie	$7,516,644.19	December 30, 2009	January 2, 1935		No	**$7,516,644.19**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$7,454,217.24**
	College boréal d'arts appliqués et de technologie	$6,000,000.00	June 15, 2009	June 30, 1935	Construction	No	**$0.00**	$0.00	**$0.00**	$6,000,000.00	OIC 675/97	Yes	$0.00/000.00
	Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 1940		No	**$20,000,000.00**	$66,407.61	**$0.00**	$20,000,000.00	OIC 675/97	Yes	**$19,933,592.39**
	Mohawk College	$2,421,401.00	September 10, 2007	September 10, 2031		No	**$2,421,401.00**	$1,614,525.26	**$0.00**	$0.00	OIC 675/97	Yes	**$806,875.74**
	Mohawk College	$2,443,000.00	February 24, 2009	March 2, 2012		No	**$2,443,000.00**	$1,000,676.12	**$0.00**	$0.00	OIC 675/97	Yes	**$1,442,323.88**
	Mohawk College	$1,914,475.00	March 23, 2010	March 25, 2013		No	**$1,914,475.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$1,914,475.00**
	Ontario Northland Transportation Commission	$8,000,000.00	December 21, 2001	March 31, 2012	Line of Credit	Yes	**$8,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$8,000,000.00**
	Ontario Northland Transportation Commission	$7,000,000.00	December 3, 2001	March 31, 2012	Line of Credit	Yes	**$5,700,000.00**	$0.00	**$0.00**	$1,300,000.00	OIC 675/97	Yes	**$7,000,000.00**
	Ontario Power Authority	$975,000,000.00	January 1, 2005	December 31, 2010	Line of Credit	Yes	**$120,000,000.00**	$20,000,000.00	**$29,726.03**	**$874,970,273.97**	OIC 675/97	Yes	**$975,000,000.00**
	Royal Ontario Museum (ROM)	$13,000,000.00	October 17, 2007	March 31, 2011		No	**$13,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$13,000,000.00**
	Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	March 31, 2012		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
	Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	June 30, 2013		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
	St. Clair College	$134,147.68	June 24, 2008	June 26, 2013		No	**$134,147.68**	$195,389.29	**$0.00**	$0.00	OIC 675/97	Yes	**$341,164.39**
M	Centennial College	$17,500,000.00	October 31, 2013	September 24, 2014	Construction	No	**$0.00**	$0.00	**$0.00**	$17,500,000.00			**$17,500,000.00**
M	Georgian College	$1,800,000.00	March 23, 2010	March 23, 2015		No	**$1,800,000.00**	$1,230,852.51	**$0.00**	$0.00	OIC 675/97	Yes	**$569,147.49**
M	Loyalist College	$946,148.55	April 6, 2010	April 6, 2015		No	**$946,148.55**	$647,561.25	**$0.00**	$0.00	OIC 675/99	Yes	**$298,587.30**
M	Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00	June 23, 2006	June 23, 2016	Line of Credit	Yes	**$73,000,000.00**	$0.00	**$0.00**	$127,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
M	Ontario Lottery & Gaming	$226,482,969.61	October 31, 2007	November 15, 2013		No	**$226,482,969.61**	$222,401,728.82	**$0.00**	$0.00	OIC 675/97	Yes	**$4,081,240.79**
M	Ontario Lottery & Gaming	$18,524,285.19	February 1, 2010	February 2, 2015		No	**$18,524,285.19**	$13,365,368.30	**$0.00**	$0.00	OIC 675/98	Yes	**$5,158,916.89**
M	Ontario Lottery & Gaming	$31,268,957.20	October 19, 2011	May 9, 2016		No	**$31,268,957.20**	$14,542,574.26		$0.00			**$16,726,382.94**
M	Ontario Northland Transportation Commission	$12,700,000.00	June 11, 1999	August 1, 2014	Debenture	No	**$12,700,000.00**	$11,639,308.03	**$0.00**	$0.00	OIC 675/97	Yes	**$1,060,691.97**
M	Ontario Northland Transportation Commission	$19,014,500.00	December 15, 1999	December 1, 2014	Debenture	No	**$19,014,500.00**	$16,907,954.30	**$0.00**	$0.00	OIC 675/97	Yes	**$2,106,545.70**
M	Ontario Power Authority	$975,000,000.00	November 9, 2010	December 31, 2013	Line of Credit	Yes	-$604,258.60		**$0.00**	$975,558,250.60			**$975,000,000.00**
M	Ontario Science Centre	$10,000,000.00	January 31, 2005	March 15, 2017		No	**$10,000,000.00**	$8,000,000.00	**$0.00**	$0.00	OIC 675/97	Yes	**$2,000,000.00**
M	Sir Sanford Fleming College	$1,920,000.00	June 26, 2008	June 26, 2015		No	**$1,920,000.00**	$1,406,506.56	**$0.00**	$0.00	OIC 675/97	Yes	**$513,493.44**
M	Royal Ontario Museum (ROM)	$22,540,000.00	July 4, 2011	March 31, 2017			**$22,540,000.00**						**$22,540,000.00**
Restructured?	Mohawk College	$35,000,000.00	March 28, 2013	December 31, 2013	Construction	No	**$29,938,099.00**	$0.00	**$150,292.66**	$5,061,901.00			**$35,000,000.00**
Status unknown- not in OLMS	OICO	$250,000,000.00	January 1, 2009	December 31, 2024	Line of Credit	Yes	**$0.00**	$0.00	**$0.00**	$250,000,000.00	OIC 675/97	Yes	**$250,000,000.00**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: College,Loyalist College,Mohawk College,Niagara Parks Commission,Ontario Infrastructure
Advance Date: All
Project: All
Loan Outstanding As Of: 11-Jul-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
Algonquin College				
945	Term Loan	17-Dec-2012	17-Dec-2037	21,296,746.49
Boreal College				
429	Term Loan	30-Dec-2009	02-Jan-2035	7,516,644.19
636	Term Loan	21-Jan-2011	21-Jan-2036	5,000,180.82
Cambrian College				
430	Term Loan	09-Nov-2009	11-Nov-2019	3,041,451.18
392	Term Loan	31-Jul-2008	31-Jul-2018	400,000.00
431	Term Loan	31-Dec-2009	31-Dec-2029	11,232,658.70
Canadore College				
942	Term Loan	03-Jul-2012	05-Jul-2027	1,500,000.00
817	Term Loan	10-Nov-2011	10-Nov-2026	2,700,000.00
939	Term Loan	28-Mar-2012	28-Mar-2022	1,500,000.00
Centennial College				
818	Term Loan	30-Nov-2011	30-Nov-2026	17,197,491.22
1189	Term Loan	26-Sep-2014	26-Sep-2029	17,070,000.00

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
City of Windsor				
408	Term Loan	31-Mar-2001	31-Mar-2021	26,416,693.90

Conestoga College				
940	Term Loan	04-May-2012	04-May-2027	14,700,000.00
1283	Term Loan	05-Oct-2016	06-Oct-2031	21,500,000.00
Durham College Residence Refinancing				
1185	Term Loan	04-Feb-2014	05-Feb-2024	6,430,304.00
Fanshawe College				
427	Term Loan	01-Feb-2010	01-Feb-2040	20,000,000.00
1270	Construction Loan	09-Jun-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Sep-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Jun-2017	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Dec-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	29-Mar-2016	31-Jul-2017	22,300,000.00
Fleming College				
943	Term Loan	06-Jul-2012	06-Jul-2027	14,921,000.00
George Brown College				
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00
Georgian College				

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
634	Term Loan	27-Mar-2009	27-Mar-2019	2,245,600.00
395	Term Loan	31-Mar-2008	31-Mar-2018	3,630,000.00
618	Term Loan	23-Mar-2010	23-Mar-2020	2,400,000.00
Independent Electricity System Operator				
1275	Line Of Credit	20-Jun-2017	31-Dec-2019	975,000,000.00

1590	Line Of Credit	20-Jun-2017		16-Jun-2018	475,000,000.00
Lambton College					
389	Term Loan	07-Jul-2008		07-Jul-2033	4,000,000.00
Loyalist College					
409	Term Loan	28-Aug-2009		30-Aug-2027	4,937,396.00
1186	Term Loan	07-May-2014		07-May-2024	2,750,000.00
Mohawk College					
763	Term Loan	31-Aug-2011		02-Sep-2031	6,606,343.78
1110	Term Loan	25-Nov-2013		25-Nov-2038	34,805,516.70
1111	Term Loan	29-Nov-2013		29-Nov-2028	11,000,000.00
Niagara Parks Commission					
426	Term Loan	18-Nov-2009		30-Apr-2027	6,500,000.00
Ontario Lottery & Gaming					

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date		Allocated Amt
1183	Term Loan	10-Mar-2014		08-Jan-2018	22,610,683.42
1228	Construction Loan	29-May-2015		02-Oct-2017	1,000,000.00
1281	Construction Loan	30-Sep-2016		02-Oct-2017	1,500,000.00
1278	Construction Loan	30-Sep-2016		02-Oct-2017	1,750,000.00
1280	Construction Loan	30-Sep-2016		02-Oct-2017	1,750,000.00
1277	Construction Loan	30-Sep-2016		02-Oct-2017	2,000,000.00
1282	Construction Loan	29-Sep-2016		02-Oct-2017	2,000,000.00
1279	Construction Loan	30-Sep-2016		02-Oct-2017	2,250,000.00
1299	Construction Loan	24-Feb-2017		02-Oct-2017	3,000,000.00
1225	Construction	26-Mar-2015		02-Oct-2017	3,700,000.00

1276	Loan Construction Loan	30-Sep-2016		02-Oct-2017	6,500,000.00
1229	Loan Construction Loan	21-Aug-2015		02-Oct-2017	28,500,000.00
1188	Loan Construction Loan	28-Aug-2014		02-Oct-2017	35,200,000.00
Ontario Northland Transportation Commission					
405	Term Loan	01-Jan-2005		01-Jan-2020	3,800,000.00
404	Term Loan	01-Jan-2006		01-Jan-2031	2,300,000.00
Royal Ontario Museum					
1057	Term Loan	01-Apr-2013		31-Mar-2027	2,357,000.00
941	Term Loan	02-Apr-2012		31-Mar-2027	4,983,000.00
762	Term Loan	04-Jul-2011		31-Mar-2027	19,660,000.00
Sheridan College					
1301	Term Loan	31-Mar-2017		31-Mar-2042	40,180,436.04
St. Clair College					

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date		Allocated Amt
1226	Term Loan	14-May-2015		14-May-2018	3,300,000.00
1227	Term Loan	14-May-2015		14-May-2025	3,600,000.00
The Confedration College of Applied Arts and Technology					
1056	Term Loan	14-Mar-2013		16-Mar-2020	1,685,844.00
1300	Construction Loan	07-Mar-2017		15-Dec-2017	10,600,000.00
The Sault College of Applied Arts and Technology					
1191	Term Loan	31-Oct-2014		31-Oct-2019	2,000,000.00
1192	Term Loan	31-Oct-2014		31-Oct-2029	3,000,000.00
1302	Construction Loan	03-Apr-2017		16-Apr-2018	6,500,000.00

University of Ontario Institute of Technology

819	Term Loan	06-Feb-2012	16-Oct-2017	28,137,279.00

LOAN INFORMATION LIST

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	21,296,746.49	0.00	0.03	4.0080	21,296,746.49	18,842,922.97
	$21,296,746.49	**$0.00**			**$21,296,746.49**	**$18,842,922.97**
	7,516,644.19	0.00	0.05	5.1300	7,516,644.19	6,161,335.70
	5,000,180.82	0.00	0.05	5.0940	5,000,180.82	4,300,244.25
	$12,516,825.01	**$0.00**			**$12,516,825.01**	**$10,461,579.95**
	3,041,451.18	0.00	0.05	3.4200	3,041,451.18	805,228.41
	400,000.00	0.00	0.05	4.8140	400,000.00	53,177.26
	11,232,658.70	0.00	0.05	5.2600	11,232,658.70	8,314,608.62
	$14,674,109.88	**$0.00**			**$14,674,109.88**	**$9,173,014.29**
	1,500,000.00	0.00	0.03	3.2220	1,500,000.00	1,077,454.85
	2,700,000.00	0.00	0.03	3.4770	2,700,000.00	1,867,570.41
	1,500,000.00	0.00	0.03	2.7100	1,500,000.00	800,395.27
	$5,700,000.00	**$0.00**			**$5,700,000.00**	**$3,745,420.53**
	17,197,491.22	0.00	0.05	3.7080	17,197,491.22	11,959,060.56
	17,070,000.00	0.00	0.03	3.4730	17,070,000.00	14,800,448.10

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	$34,267,491.22	**$0.00**			**$34,267,491.22**	**$26,759,508.66**
	26,416,693.90	0.00	0.00	6.4100	26,416,693.90	8,171,389.87
	$26,416,693.90	**$0.00**			**$26,416,693.90**	**$8,171,389.87**

	14,700,000.00	0.00	0.03	3.5110	14,700,000.00	10,623,908.59
	21,500,000.00	0.00	0.03	2.2730	21,500,000.00	20,894,552.12
	$36,200,000.00	**$0.00**			**$36,200,000.00**	**$31,518,460.71**
	6,430,304.00	0.00	0.03	3.1230	6,430,304.00	4,705,780.69
	$6,430,304.00	**$0.00**			**$6,430,304.00**	**$4,705,780.69**
	20,000,000.00	0.00	0.05	5.4900	20,000,000.00	17,654,049.00
15,400,000.00	2,750,000.00	0.00	0.03	0.2750		2,774,006.56
11,500,000.00	3,900,000.00	0.00	0.03	0.2750		3,925,336.81
3,400,000.00	4,000,000.00	0.00	0.03	0.2750		4,000,000.00
7,400,000.00	4,100,000.00	0.00	0.03	0.2750		4,117,858.33
18,150,000.00	4,150,000.00	0.00	0.03	0.2750		4,195,769.26
	$38,900,000.00	**$0.00**			**$20,000,000.00**	**$36,667,019.96**
	14,921,000.00	0.00	0.03	3.2180	14,921,000.00	10,716,887.37
	$14,921,000.00	**$0.00**			**$14,921,000.00**	**$10,716,887.37**
	35,000,000.00	0.00	0.03	2.4230	35,000,000.00	15,727,200.02
	40,000,000.00	0.00	0.03	5.7500	40,000,000.00	39,253,575.32
	$75,000,000.00	**$0.00**			**$75,000,000.00**	**$54,980,775.34**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	2,245,600.00	0.00	0.05	3.7150	2,245,600.00	517,553.83
	3,630,000.00	0.00	0.05	3.9540	3,630,000.00	430,213.30
	2,400,000.00	0.00	0.05	3.6260	2,400,000.00	812,514.61
	$8,275,600.00	**$0.00**			**$8,275,600.00**	**$1,760,281.73**
634,993,570.10	109,986,030.30	0.00	0.00	0.2500		109,986,030.30

470,602,898.90	3,203,101.35	0.00	0.00	0.2500		3,203,101.35
	$113,189,131.65	**$0.00**			**$0.00**	**$113,189,131.65**
	4,000,000.00	0.00	0.05	5.2240	4,000,000.00	3,106,850.13
	$4,000,000.00	**$0.00**			**$4,000,000.00**	**$3,106,850.13**
	4,937,396.00	0.00	0.05	4.8300	4,937,396.00	3,376,004.08
	2,750,000.00	0.00	0.03	2.6410	2,750,000.00	1,999,345.97
	$7,687,396.00	**$0.00**			**$7,687,396.00**	**$5,375,350.05**
	6,606,343.78	0.00	0.05	4.1830	6,606,343.78	5,210,243.30
	34,805,516.70	0.00	0.03	4.7620	34,805,516.70	32,027,184.16
	11,000,000.00	0.00	0.03	3.8550	11,000,000.00	8,965,667.72
	$52,411,860.48	**$0.00**			**$52,411,860.48**	**$46,203,095.17**
	6,500,000.00	0.00	0.05	5.0700	6,500,000.00	4,553,428.59
	$6,500,000.00	**$0.00**			**$6,500,000.00**	**$4,553,428.59**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	22,610,683.42	0.00	0.03	2.3200	22,610,683.42	3,043,699.30
	1,000,000.00	0.00	0.03	0.3250		1,000,000.00
	1,500,000.00	0.00	0.03	0.3250		1,500,000.00
	1,750,000.00	0.00	0.03	0.3250		1,750,000.00
	1,750,000.00	0.00	0.03	0.3250		1,750,000.00
	2,000,000.00	0.00	0.03	0.3250		2,000,000.00
	2,000,000.00	0.00	0.03	0.3250		2,000,000.00
	2,250,000.00	0.00	0.03	0.3250		2,250,000.00
	3,000,000.00	0.00	0.03	0.3250		3,000,000.00
	3,700,000.00	0.00	0.03	0.3250		3,700,000.00

	6,500,000.00	0.00		0.03	0.3250		6,500,000.00
27,250,000.00	1,250,000.00	0.00		0.03	0.3250		1,250,000.00
33,200,000.00	2,000,000.00	0.00		0.03	0.3250		2,000,000.00
	$51,310,683.42	**$0.00**				**$22,610,683.42**	**$31,743,699.30**
	3,800,000.00	0.00		0.00	5.2200	3,800,000.00	855,791.17
	2,300,000.00	0.00		0.00	4.9000	2,300,000.00	1,575,351.16
	$6,100,000.00	**$0.00**				**$6,100,000.00**	**$2,431,142.33**
	2,357,000.00	0.00		0.03	0.5300	2,357,000.00	1,357,000.00
	4,983,000.00	0.00		0.03	0.5300	4,983,000.00	4,983,000.00
	19,660,000.00	0.00		0.03	0.5300	19,660,000.00	19,660,000.00
	$27,000,000.00	**$0.00**				**$27,000,000.00**	**$26,000,000.00**
	40,180,436.04	0.00		0.25	3.4670	40,180,436.04	40,180,436.04
	$40,180,436.04	**$0.00**				**$40,180,436.04**	**$40,180,436.04**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount		OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	3,300,000.00	0.00		0.03	1.3210	3,300,000.00	1,114,514.58
	3,600,000.00	0.00		0.03	2.1470	3,600,000.00	2,940,154.72
	$6,900,000.00	**$0.00**				**$6,900,000.00**	**$4,054,669.31**
	1,685,844.00	0.00		0.03	2.4050	1,685,844.00	757,167.55
4,985,000.00	5,615,000.00	0.00		0.03	0.2750		5,627,383.77
	$7,300,844.00	**$0.00**				**$1,685,844.00**	**$6,384,551.32**
	2,000,000.00	0.00		0.03	1.8560	2,000,000.00	1,023,088.91
	3,000,000.00	0.00		0.03	3.3380	3,000,000.00	2,597,483.05
4,500,000.00	2,000,000.00	0.00		0.03	0.2750		2,004,360.55
	$7,000,000.00	**$0.00**				**$5,000,000.00**	**$5,624,932.51**

	28,137,279.00	0.00		0.03	2.7700	28,137,279.00	2,823,716.00
	$28,137,279.00	**$0.00**				**$28,137,279.00**	**$2,823,716.00**
Grand Total:	**$652,316,401.09**	**$0.00**				**$483,912,269.44**	**$509,174,044.48**

Loan Agreements

Borrower	Initial Loan Amount / Maximum Availability	Advances
Algonquin College of Applied Arts and Technology	$21,296,746.49	$21,296,746.49
Boreal College	$12,516,825.01	$12,516,825.01
Cambrian College	$14,674,109.88	$14,674,109.88
Canadore College of Applied Arts	$5,700,000.00	$5,700,000.00
Centennial College	$17,197,491.22	$17,197,491.22
City Of Windsor	$26,416,693.90	$17,197,491.22
Conestoga College	$14,700,000.00	$14,700,000.00
Confederation College	$1,700,000.00	$1,700,000.00
DICO	$250,000,000.00	$0.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	$20,000,000.00
Fleming College	#REF!	#REF!
George Brown College	$35,000,000.00	$35,000,000.00
Georgian College	$8,275,600.00	$8,275,600.00
Lambton College	$4,000,000.00	$4,000,000.00
Loyalist College	$4,464,366,431.10	$496,924,871.36
Mohawk College	$6,009,129,747.10	$934,068,035.76
Niagara Parks Commission	$6,500,000.00	$6,500,000.00
Ontario Infrastructure Projects Corporation	$200,000,000.00	$73,000,000.00
Ontario Lottery & Gaming	$4,674,043,386.62	$779,601,826.88
Ontario Northland Transportation Commission	$6,100,000.00	$6,100,000.00
Ontario Power Authority	$975,000,000.00	-$558,250.60
Ontario Science Centre	$10,000,000.00	$10,000,000.00
Ottawa Convention Centre Corporation	$40,000,000.00	$40,000,000.00
Royal Ontario Museum (ROM)	$49,540,000.00	$49,540,000.00
Sir Sanford Fleming College	$1,920,000.00	$1,920,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	$28,137,279.00

			OIC		
Repaid	**Capitalized Interest (Construction)**	**Avaliable for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
$251,514.03	**$0.00**	$0.00			
$0.00	**$0.00**	$0.00			
$0.00	**$0.00**	**$0.00**	OIC 675/97	Yes	$9,173,014.29
$0.00	**$0.00**	$0.00			
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$759,480.04					
$111,286.43					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$250,000,000.00**
$1,017,378.17					
#REF!					
$1,150,762.03					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	$1,760,281.74
$469,648.86			OIC 675/97	Yes	**$3,843,232.41**
################		$0.00	OIC 675/98	Yes	$1,306,084,580.98
################	**$15,613.25**	-$15,613.25	OIC 675/97	**Yes**	$2,564,896,502.66
$746,069.37			OIC 675/97	Yes	**$6,500,000.00**
$30,000,000.00		$157,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
################					$1,475,919,247.78
$0.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,431,142.33
	$0.00	$975,558,250.60			
$8,000,000.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,000,000.00
$938,246.87		$0.00			
$11,697,000.00					
$467,038.59	**$0.00**	$0.00	OIC 675/97	**Yes**	$1,452,961.41
$8,215,761.00	**$0.00**	$0.00			

From: Andrea Dalgarno
To: Daki Proudfoot
Cc: Sarah Harris
Subject: RE: OFA Loan Update from CFB
Date: Wednesday, July 19, 2017 1:53:25 PM
Attachments: OFA Loan OICs 11-July-17 am (Final).xlsx
March 31, 2017 TAS Rec from Accounting.pdf
OFA Loan OICs 11-July-17 am (Final).pdf

Hi,

Attached is a somewhat cleaned up version of July 11 calculation (plus pdf version) of the available authority assuming capitalized interest is not included for now. I hid rows and columns pretty much.

Still cannot figure out how current Fanshawe balance makes sense to TAS as of March 31 adjusted for activity since March 31. My attempt is in the last sheet of the workbook. Note that TAS was out to PBFS by spread amounts (see attached acctng rec) at year end it seems so I expected the same. Not the case. I do not think this is of immediate consequence though.

For Bonnie's purpose I think the remaining authority is not materially impacted by this.

I think we are good to provide the. 1,377,594,955.57 figure as the remaining authority as of July 11. It will not be materially off even if capitalized interest is to be included.

Let me know you thoughts. Then hopefully it can be forwarded to Bonnie.

Regards,

Andrea

From: Daki Proudfoot
Sent: Tuesday, July 18, 2017 4:03 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: RE: OFA Loan Update from CFB

Hello Sarah and Andrea,

For your reference, please find attached a copy of my check for the Borrowing Authority Allocated amounts. For construction loans, the capitalized interest was not included in the BA Allocated amount. You'll find my review, along with notes, in the rightmost area of the spreadsheet. We can further discuss when you're able.

In addition, through my checks, I noticed that the original agreement between the OFA and OCC referenced "OIC 1420/2008" as the OIC that authorizes OCC to borrow the funds. I was wondering if you're familiar with this OIC and if you had a copy of it by any chance.

Thanks,

Daki

From: Daki Proudfoot
Sent: Friday, July 14, 2017 10:05 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: RE: OFA Loan Update from CFB

Hello Sarah and Andrea,

In regards to our discussion the other day, please see below for further information on the items highlighted red in the most recently shared Excel file.

1. Fanshawe College's Construction Loan Calculation
    - The difference between the outstanding BA Allocated amount (as at July 11, 2017) vs the "TAS 3/31/2017" amount is due to the principal payments made and the way in which capitalized interest is calculated for the advances drawn. I double-checked the calculations on OLMS, and if you would like, Andrea, I can show you the way in which capitalized interest is calculated for these agreements.
2. IESO
    - As per Risa's email, the two entries is a product for how OLMS, currently, cannot have two projects assigned to a line of credit entry. I was told the entries would be corrected soon so that both sum to $975M.
3. Ottawa Convention Centre Corporation
    - I'm still looking into this to get further details. I'll keep you posted.

As well, I mentioned how there's a correction needed for Confederation College's construction loan. In that particular agreement, there is another facility for a second project. That facility is a non-revolving, term loan set at a max of $1,050,000. This means we should have an Adjusted BA Allocated amount of $11,650,000 shown instead of the current $10,600,000. For the other agreements, I'm planning to look them over to ensure this isn't the case with the others.

If there is anything else I missed, please let me know. We'll see what Sarah and Malle advise for the capitalized interest.

Thanks,

Daki

From: Sarah Harris
Sent: Wednesday, July 12, 2017 10:42 AM
To: Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: RE: OFA Loan Update from CFB

Sounds good, Daki.

Thanks,
Sarah

From: Daki Proudfoot
Sent: Wednesday, July 12, 2017 10:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: RE: OFA Loan Update from CFB

Hello Sarah,

I can be available at 1:30 pm to discuss. Shall I head up to your floor for then?

Thanks,

Daki

From: Sarah Harris
Sent: Wednesday, July 12, 2017 10:19 AM
To: Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Subject: FW: OFA Loan Update from CFB

Hi Daki,

Thanks for following up. I think it is also a good idea to have a chat on this. We too are a little unclear on a couple of points, since Documentation is not familiar with the loan activity under these agreements

Would you be available at about 1:30 p.m. today to discuss, or sometime tomorrow? I am including Andrea Dalgarno, as she has been working with this spreadsheet to get a sense of the loan activity.

Thanks,
Sarah

From: Daki Proudfoot
Sent: Friday, July 07, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA Loan Update from CFB

Hello Sarah,

Mara informed me that Documentation would like to have the attached file confirmed by our group. I'll review the document, but I was hoping to ask a few questions for what you need.

- Which date do we want these dollar values to reflect? Do we want these dollar values to still reflect the "as at May 5" date?
- For the Repaid and Capitalized Interest columns, shall we connect and discuss what kind of entries you're looking for here?

I'm available to discuss over the phone or I don't mind coming up to your floor either. Please let me know when a good time would be.

Thanks,

Daki Proudfoot
Economic Specialist

Ontario Financing Authority
1 Dundas Street West, Suite 300
Toronto, ON M7A 1Y7
Office: (416) 325 3074 | Mobile: (647) 534 4091
daki.proudfoot@ofina.on.ca

As of July 11, 2017 AM

	Loan Agreements									OIC			Adjusted BA Allocated (Construction Loans and LOC at max)	Notes
	Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated	
	Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			$18,842,922.97	$18,842,922.97	
	Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			$4,300,244.25	$4,300,244.25	
	Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			$6,161,335.70	$6,161,335.70	
	Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	$53,177.26	$53,177.26	
	Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	$805,228.41	$805,228.41	
	Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	$8,314,608.62	$8,314,608.62	
	Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			$1,077,454.85	$1,077,454.85	
	Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			$1,867,570.41	$1,867,570.41	
	Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			$800,395.27	$800,395.27	
	Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	$11,959,060.56	$11,959,060.56	
	Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						$14,800,448.10	$14,800,448.10	
	City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**			$0.00	OIC 675/97	Yes	$8,171,389.87	$8,171,389.87	
	Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			$10,623,908.59	$10,623,908.59	
	Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						$20,894,552.12	$20,894,552.12	
	Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			$757,167.55	$757,167.55	
	Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**$,615,000.00**						$5,627,383.77	$11,650,000.00	Additional undrawn facility is part of agreement ($1,050,000)
	Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						$4,705,780.69	$4,705,780.69	
	Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			$17,654,049.00	$17,654,049.00	
	Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						$19,012,970.96	$22,300,000.00	
	George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**			$0.00			$15,727,200.02	$15,727,200.02	
	George Brown College	$40,000,000.00		June 24, 2041		No	**$40,000,000.00**						$39,253,575.32	$39,253,575.32	
	Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	$430,213.30	$430,213.30	
	Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	$517,553.83	$517,553.83	
	Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	$812,514.61	$812,514.61	
	IESO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**						$109,986,030.30	$500,000,000.00	As per Risa's email, this line of credit facility ($975M) was adjusted to accommodate multiple IESO projects [Adjustment still not reflected in OLMS]
NEW	IESO	$475,000,000.00		June 16, 2018	Line of Credit								$3,203,101.35	$475,000,000.00	
	Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	$3,106,850.13	$3,106,850.13	
	Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	$3,376,004.08	$3,376,004.08	
	Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			$1,999,345.97	$1,999,345.97	
	Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	$5,210,243.30	$5,210,243.30	
	Mohawk College	$34,805,516.70		November 25, 2038		No	$34,805,516.70			$0.00			$32,027,184.16	$32,027,184.16	
	Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			$8,965,667.72	$8,965,667.72	
	Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	$4,553,428.59	$4,553,428.59	
	Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2019	Line of Credit	Yes	**$0.00**			$200,000,000.00	OIC 675/97	Yes	$0.00	$0.00	New LOC currently being negotiated for $200 million but not in place
Partial	Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			$3,043,699.30	$3,043,699.30	
	Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						$28,700,000.00	$35,200,000.00	There is an error for how this was inputted in OLMS. It currently is being addressed but the max is $35.2M
	Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	$855,791.17	$855,791.17	
	Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	$1,575,351.16	$1,575,351.16	
	Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036	Construction	No	**$40,000,000.00**			$0.00			$47,114,846.88	$47,114,846.88	Conservative approach would be to include accrued interest given OCC circumstances. For accurate amount accrued, please contact Accounting.Balance is as reported in TA March 31, 2017
	Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			$26,000,000.00	$26,000,000.00	
	Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						$40,180,436.04	$40,180,436.04	
	Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			$10,716,887.37	$10,716,887.37	
	St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						$1,114,514.58	$1,114,514.58	
	St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						$2,940,154.72	$2,940,154.72	
	The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						$1,023,088.91	$1,023,088.91	
	The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						$2,597,483.05	$2,597,483.05	
	The Sault College of Applied A&T	$6,500,000.00		April 16, 2018	Construction	No	**$6,500,000.00**						$2,004,360.55	$6,500,000.00	
	University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			$2,823,716.00	$2,823,716.00	

OIC Summary						Adjusted (LOC and Construction at Max Available)	
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC
OIC 675/97	$2,160,000,000.00	$556,288,891.36	$1,603,711,108.64	June 1, 2041	Yes	$1,438,405,044.43	$721,594,955.57
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes	$0.00	$656,000,000.00
						Total Remaining Balance Under OICs	**$1,377,594,955.57**

ONTARIO FINANCING AUTHORITY
LOAN INFORMATION LIST

Entity Type: *** All Entity Types ***
Entity: College,Loyalist College,Mohawk College,Niagara Parks Commission,Ontario Infrastructure
Advance Date: All
Project: All
Loan Outstanding As Of: 11-Jul-2017

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
Algonquin College				
945	Term Loan	17-Dec-2012	17-Dec-2037	21,296,746.49
Boreal College				
429	Term Loan	30-Dec-2009	02-Jan-2035	7,516,644.19
636	Term Loan	21-Jan-2011	21-Jan-2036	5,000,180.82
Cambrian College				
430	Term Loan	09-Nov-2009	11-Nov-2019	3,041,451.18
392	Term Loan	31-Jul-2008	31-Jul-2018	400,000.00
431	Term Loan	31-Dec-2009	31-Dec-2029	11,232,658.70
Canadore College				
942	Term Loan	03-Jul-2012	05-Jul-2027	1,500,000.00
817	Term Loan	10-Nov-2011	10-Nov-2026	2,700,000.00
939	Term Loan	28-Mar-2012	28-Mar-2022	1,500,000.00
Centennial College				
818	Term Loan	30-Nov-2011	30-Nov-2026	17,197,491.22
1189	Term Loan	26-Sep-2014	26-Sep-2029	17,070,000.00

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
City of Windsor				
408	Term Loan	31-Mar-2001	31-Mar-2021	26,416,693.90

Conestoga College				
940	Term Loan	04-May-2012	04-May-2027	14,700,000.00
1283	Term Loan	05-Oct-2016	06-Oct-2031	21,500,000.00
Durham College Residence Refinancing				
1185	Term Loan	04-Feb-2014	05-Feb-2024	6,430,304.00
Fanshawe College				
427	Term Loan	01-Feb-2010	01-Feb-2040	20,000,000.00
1270	Construction Loan	09-Jun-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Sep-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Jun-2017	31-Jul-2017	22,300,000.00
1270	Construction Loan	01-Dec-2016	31-Jul-2017	22,300,000.00
1270	Construction Loan	29-Mar-2016	31-Jul-2017	22,300,000.00
Fleming College				
943	Term Loan	06-Jul-2012	06-Jul-2027	14,921,000.00
George Brown College				
1059	Term Loan	22-May-2013	22-May-2020	35,000,000.00
1274	Term Loan	24-Jun-2016	24-Jun-2041	40,000,000.00
Georgian College				

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date	Allocated Amt
634	Term Loan	27-Mar-2009	27-Mar-2019	2,245,600.00
395	Term Loan	31-Mar-2008	31-Mar-2018	3,630,000.00
618	Term Loan	23-Mar-2010	23-Mar-2020	2,400,000.00
Independent Electricity System Operator				
1275	Line Of Credit	20-Jun-2017	31-Dec-2019	975,000,000.00

1590	Line Of Credit	20-Jun-2017		16-Jun-2018	475,000,000.00
Lambton College					
389	Term Loan	07-Jul-2008		07-Jul-2033	4,000,000.00
Loyalist College					
409	Term Loan	28-Aug-2009		30-Aug-2027	4,937,396.00
1186	Term Loan	07-May-2014		07-May-2024	2,750,000.00
Mohawk College					
763	Term Loan	31-Aug-2011		02-Sep-2031	6,606,343.78
1110	Term Loan	25-Nov-2013		25-Nov-2038	34,805,516.70
1111	Term Loan	29-Nov-2013		29-Nov-2028	11,000,000.00
Niagara Parks Commission					
426	Term Loan	18-Nov-2009		30-Apr-2027	6,500,000.00
Ontario Lottery & Gaming					

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date		Allocated Amt
1183	Term Loan	10-Mar-2014		08-Jan-2018	22,610,683.42
1228	Construction Loan	29-May-2015		02-Oct-2017	1,000,000.00
1281	Construction Loan	30-Sep-2016		02-Oct-2017	1,500,000.00
1278	Construction Loan	30-Sep-2016		02-Oct-2017	1,750,000.00
1280	Construction Loan	30-Sep-2016		02-Oct-2017	1,750,000.00
1277	Construction Loan	30-Sep-2016		02-Oct-2017	2,000,000.00
1282	Construction Loan	29-Sep-2016		02-Oct-2017	2,000,000.00
1279	Construction Loan	30-Sep-2016		02-Oct-2017	2,250,000.00
1299	Construction Loan	24-Feb-2017		02-Oct-2017	3,000,000.00
1225	Construction	26-Mar-2015		02-Oct-2017	3,700,000.00

1276	Loan Construction Loan	30-Sep-2016		02-Oct-2017	6,500,000.00
1229	Loan Construction Loan	21-Aug-2015		02-Oct-2017	28,500,000.00
1188	Loan Construction Loan	28-Aug-2014		02-Oct-2017	35,200,000.00
Ontario Northland Transportation Commission					
405	Term Loan	01-Jan-2005		01-Jan-2020	3,800,000.00
404	Term Loan	01-Jan-2006		01-Jan-2031	2,300,000.00
Royal Ontario Museum					
1057	Term Loan	01-Apr-2013		31-Mar-2027	2,357,000.00
941	Term Loan	02-Apr-2012		31-Mar-2027	4,983,000.00
762	Term Loan	04-Jul-2011		31-Mar-2027	19,660,000.00
Sheridan College					
1301	Term Loan	31-Mar-2017		31-Mar-2042	40,180,436.04
St. Clair College					

LOAN INFORMATION LIST

LoanID	Loan Type	Advance Date	Maturity Date		Allocated Amt
1226	Term Loan	14-May-2015		14-May-2018	3,300,000.00
1227	Term Loan	14-May-2015		14-May-2025	3,600,000.00
The Confedration College of Applied Arts and Technology					
1056	Term Loan	14-Mar-2013		16-Mar-2020	1,685,844.00
1300	Construction Loan	07-Mar-2017		15-Dec-2017	10,600,000.00
The Sault College of Applied Arts and Technology					
1191	Term Loan	31-Oct-2014		31-Oct-2019	2,000,000.00
1192	Term Loan	31-Oct-2014		31-Oct-2029	3,000,000.00
1302	Construction Loan	03-Apr-2017		16-Apr-2018	6,500,000.00

University of Ontario Institute of Technology

819	Term Loan	06-Feb-2012	16-Oct-2017	28,137,279.00

LOAN INFORMATION LIST

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	21,296,746.49	0.00	0.03	4.0080	21,296,746.49	18,842,922.97
	$21,296,746.49	**$0.00**			**$21,296,746.49**	**$18,842,922.97**
	7,516,644.19	0.00	0.05	5.1300	7,516,644.19	6,161,335.70
	5,000,180.82	0.00	0.05	5.0940	5,000,180.82	4,300,244.25
	$12,516,825.01	**$0.00**			**$12,516,825.01**	**$10,461,579.95**
	3,041,451.18	0.00	0.05	3.4200	3,041,451.18	805,228.41
	400,000.00	0.00	0.05	4.8140	400,000.00	53,177.26
	11,232,658.70	0.00	0.05	5.2600	11,232,658.70	8,314,608.62
	$14,674,109.88	**$0.00**			**$14,674,109.88**	**$9,173,014.29**
	1,500,000.00	0.00	0.03	3.2220	1,500,000.00	1,077,454.85
	2,700,000.00	0.00	0.03	3.4770	2,700,000.00	1,867,570.41
	1,500,000.00	0.00	0.03	2.7100	1,500,000.00	800,395.27
	$5,700,000.00	**$0.00**			**$5,700,000.00**	**$3,745,420.53**
	17,197,491.22	0.00	0.05	3.7080	17,197,491.22	11,959,060.56
	17,070,000.00	0.00	0.03	3.4730	17,070,000.00	14,800,448.10

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	$34,267,491.22	**$0.00**			**$34,267,491.22**	**$26,759,508.66**
	26,416,693.90	0.00	0.00	6.4100	26,416,693.90	8,171,389.87
	$26,416,693.90	**$0.00**			**$26,416,693.90**	**$8,171,389.87**

	14,700,000.00	0.00	0.03	3.5110	14,700,000.00	10,623,908.59
	21,500,000.00	0.00	0.03	2.2730	21,500,000.00	20,894,552.12
	$36,200,000.00	**$0.00**			**$36,200,000.00**	**$31,518,460.71**
	6,430,304.00	0.00	0.03	3.1230	6,430,304.00	4,705,780.69
	$6,430,304.00	**$0.00**			**$6,430,304.00**	**$4,705,780.69**
	20,000,000.00	0.00	0.05	5.4900	20,000,000.00	17,654,049.00
15,400,000.00	2,750,000.00	0.00	0.03	0.2750		2,774,006.56
11,500,000.00	3,900,000.00	0.00	0.03	0.2750		3,925,336.81
3,400,000.00	4,000,000.00	0.00	0.03	0.2750		4,000,000.00
7,400,000.00	4,100,000.00	0.00	0.03	0.2750		4,117,858.33
18,150,000.00	4,150,000.00	0.00	0.03	0.2750		4,195,769.26
	$38,900,000.00	**$0.00**			**$20,000,000.00**	**$36,667,019.96**
	14,921,000.00	0.00	0.03	3.2180	14,921,000.00	10,716,887.37
	$14,921,000.00	**$0.00**			**$14,921,000.00**	**$10,716,887.37**
	35,000,000.00	0.00	0.03	2.4230	35,000,000.00	15,727,200.02
	40,000,000.00	0.00	0.03	5.7500	40,000,000.00	39,253,575.32
	$75,000,000.00	**$0.00**			**$75,000,000.00**	**$54,980,775.34**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	2,245,600.00	0.00	0.05	3.7150	2,245,600.00	517,553.83
	3,630,000.00	0.00	0.05	3.9540	3,630,000.00	430,213.30
	2,400,000.00	0.00	0.05	3.6260	2,400,000.00	812,514.61
	$8,275,600.00	**$0.00**			**$8,275,600.00**	**$1,760,281.73**
634,993,570.10	109,986,030.30	0.00	0.00	0.2500		109,986,030.30

470,602,898.90	3,203,101.35	0.00	0.00	0.2500		3,203,101.35
	$113,189,131.65	**$0.00**			**$0.00**	**$113,189,131.65**
	4,000,000.00	0.00	0.05	5.2240	4,000,000.00	3,106,850.13
	$4,000,000.00	**$0.00**			**$4,000,000.00**	**$3,106,850.13**
	4,937,396.00	0.00	0.05	4.8300	4,937,396.00	3,376,004.08
	2,750,000.00	0.00	0.03	2.6410	2,750,000.00	1,999,345.97
	$7,687,396.00	**$0.00**			**$7,687,396.00**	**$5,375,350.05**
	6,606,343.78	0.00	0.05	4.1830	6,606,343.78	5,210,243.30
	34,805,516.70	0.00	0.03	4.7620	34,805,516.70	32,027,184.16
	11,000,000.00	0.00	0.03	3.8550	11,000,000.00	8,965,667.72
	$52,411,860.48	**$0.00**			**$52,411,860.48**	**$46,203,095.17**
	6,500,000.00	0.00	0.05	5.0700	6,500,000.00	4,553,428.59
	$6,500,000.00	**$0.00**			**$6,500,000.00**	**$4,553,428.59**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount	OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	22,610,683.42	0.00	0.03	2.3200	22,610,683.42	3,043,699.30
	1,000,000.00	0.00	0.03	0.3250		1,000,000.00
	1,500,000.00	0.00	0.03	0.3250		1,500,000.00
	1,750,000.00	0.00	0.03	0.3250		1,750,000.00
	1,750,000.00	0.00	0.03	0.3250		1,750,000.00
	2,000,000.00	0.00	0.03	0.3250		2,000,000.00
	2,000,000.00	0.00	0.03	0.3250		2,000,000.00
	2,250,000.00	0.00	0.03	0.3250		2,250,000.00
	3,000,000.00	0.00	0.03	0.3250		3,000,000.00
	3,700,000.00	0.00	0.03	0.3250		3,700,000.00

	6,500,000.00	0.00		0.03	0.3250		6,500,000.00
27,250,000.00	1,250,000.00	0.00		0.03	0.3250		1,250,000.00
33,200,000.00	2,000,000.00	0.00		0.03	0.3250		2,000,000.00
	$51,310,683.42	**$0.00**				**$22,610,683.42**	**$31,743,699.30**
	3,800,000.00	0.00		0.00	5.2200	3,800,000.00	855,791.17
	2,300,000.00	0.00		0.00	4.9000	2,300,000.00	1,575,351.16
	$6,100,000.00	**$0.00**				**$6,100,000.00**	**$2,431,142.33**
	2,357,000.00	0.00		0.03	0.5300	2,357,000.00	1,357,000.00
	4,983,000.00	0.00		0.03	0.5300	4,983,000.00	4,983,000.00
	19,660,000.00	0.00		0.03	0.5300	19,660,000.00	19,660,000.00
	$27,000,000.00	**$0.00**				**$27,000,000.00**	**$26,000,000.00**
	40,180,436.04	0.00		0.25	3.4670	40,180,436.04	40,180,436.04
	$40,180,436.04	**$0.00**				**$40,180,436.04**	**$40,180,436.04**

Unused Allocation	Loan Or Advance Amount	Initial Fee Amount		OFA Retained Interest	All In Rate	Net Payment Amt	Loan Outstanding
	3,300,000.00	0.00		0.03	1.3210	3,300,000.00	1,114,514.58
	3,600,000.00	0.00		0.03	2.1470	3,600,000.00	2,940,154.72
	$6,900,000.00	**$0.00**				**$6,900,000.00**	**$4,054,669.31**
	1,685,844.00	0.00		0.03	2.4050	1,685,844.00	757,167.55
4,985,000.00	5,615,000.00	0.00		0.03	0.2750		5,627,383.77
	$7,300,844.00	**$0.00**				**$1,685,844.00**	**$6,384,551.32**
	2,000,000.00	0.00		0.03	1.8560	2,000,000.00	1,023,088.91
	3,000,000.00	0.00		0.03	3.3380	3,000,000.00	2,597,483.05
4,500,000.00	2,000,000.00	0.00		0.03	0.2750		2,004,360.55
	$7,000,000.00	**$0.00**				**$5,000,000.00**	**$5,624,932.51**

	28,137,279.00	0.00		0.03	2.7700	28,137,279.00	2,823,716.00
	$28,137,279.00	**$0.00**				**$28,137,279.00**	**$2,823,716.00**
Grand Total:	**$652,316,401.09**	**$0.00**				**$483,912,269.44**	**$509,174,044.48**

Fanshawe	Loan 1270		OLMS		
	A1	$ 4,150,000.00	$ 4,186,683.35	$ 36,683.35	
	A2	$ 2,750,000.00	$ 2,767,902.01	$ 17,902.01	
	A3	$ 3,900,000.00	$ 3,916,649.36	$ 16,649.36	
	A4	$ 4,100,000.00	$ 4,108,744.79	$ 8,744.79	
			$ 14,979,979.51	$ 79,979.51	
Fanshawe	Loan 472		$ 17,751,319.75		
Total March 31, 2017 OLMS			$ 32,731,299.26	$ 25,223.50	Close to dif

TAS March 31, 2017	$ 32,706,075.76		Spread Since March 31
New advance under Ln1270	$ 4,000,000.00		1808.22
Capitalized Int since March 31	$ 29,794.42		1861.5
Prin Payment Ln 427 since March 3	$ (97,270.75)		1774.47
Expected OLMS	$ 36,638,599.43		1086.8
OLMS Jul 11	$ 36,667,019.96		1011.58
Diff	$ 28,420.53	does not equal	$ 32,766.07

f PBFS to TAS March 31 attributable to spread

Monthly

ONTARIO FINANCING AUTHORITY

RECONCILIATION OF LOANS RECEIVABLE BETWEEN PBFS AND MOF TAS AS AT 31-Mar-17

Loans Receivable	MOF GL Accounts	Per PBFS as at 31-Mar-17	Per MOF TAS (IFIS) as at 31-Mar-17	Variance	Note #
Colleges					
Algonquin College	561AC	19,137,704.00	19,137,704.22	(0.22)	2
Boreal College	561BC	10,515,636.00	10,515,636.22	(0.22)	2
Cambrian College	561CC	9,411,678.00	9,411,678.06	(0.06)	2
Canadore College	561CANC	3,873,142.00	3,873,141.83	0.17	2
Centennial Centre of Science and Technology	561CENC	27,280,663.00	27,280,663.09	(0.09)	2
Conestoga College	561CONES	32,564,171.00	32,564,171.42	(0.42)	2
Durham College	561DUR	-	-	0.00	2
Durham College Residence Refinancing	561DUR RESID	4,705,781.00	4,705,780.69	0.31	2
Fanshawe College	561FC	32,731,299.00	32,706,075.76	25,223.24	2
Fleming College	561SSF	11,168,133.00	11,168,132.76	0.24	2
George Brown College	561GEOBR	56,619,152.00	56,619,151.90	0.10	2
Georgian College	561GC	1,760,282.00	1,760,205.03	76.97	1
Lambton College	561LC	3,147,936.00	3,147,935.78	0.22	2
Loyalist College	561LOY	5,504,598.00	5,504,597.74	0.26	2
Mohawk College	561MC	47,003,150.00	47,003,150.45	(0.45)	2
The Confederation College of Applied Arts and Technology	561CONFED	6,372,168.00	6,372,167.56	0.44	2
Sault College of Applied Arts and Technology	561SAULT	3,902,771.00	3,902,770.53	0.47	2
Sheridan College Institute of Technology and Advanced Learning	561SHERI	40,180,436.00	40,180,436.04	(0.04)	3
St. Clair College	561SCC	4,774,061.00	4,774,060.60	0.40	2
TOTAL - COLLEGES OUTSTANDING LOANS		320,652,761.00	320,627,459.65	25,301.35	
Universities					
University of Ontario Institute of Technology	561UOIT	5,501,179.00	5,501,179.00	0.00	4
TOTAL - UNIVERSITIES OUTSTANDING LOANS		5,501,179.00	5,501,179.00	0.00	
OILC					
Ontario Infrestructure & Lands Corporation - Line of Credit	555A	-	-	0.00	5
TOTAL-OILC		-	-	0.00	
Corporations					
Niagara Parks	555NPC	4,553,429.00	4,553,428.59	0.41	6
Ontario Lottery and Gaming Corporation (gone May 9)	558	33,769,123.00	33,769,122.82	0.18	6
Ontario Northland Transportation Commission	554	2,564,245.00	2,564,245.12	(0.12)	6
Ontario Power Authority	559	-	0.01	(0.01)	6
Centennial Centre of Science & Technology	552	-	-	0.00	6
Independent Electricity System Operator	559IESO	81,208,759.00	81,208,758.62	0.38	7
Ottawa Convention Centre	555OCC	-	47,114,846.88	(47,114,846.88)	6
Royal Ontario Museum	555ROM	26,000,000.00	26,000,000.00	0.00	6
TOTAL - CORPORATIONS OUTSTANDING LOANS		148,095,556.00	195,210,402.04	(47,114,846.04)	
Municipalities					
City of Windsor	553	8,171,390.00	8,171,389.88	0.12	8
TOTAL MUNICIPALITIES OUTSTANDING LOANS		8,171,390.00	8,171,389.88	0.12	
School Boards					
School Boards	560	5,473,074,520.00	5,473,074,519.29	0.71	9
TOTAL SCHOOL BOARDS OUTSTANDING LOANS		5,473,074,520.00	5,473,074,519.29	0.71	
		5,955,495,406.00	6,002,584,949.87	(47,089,543.87)	
Total		5,955,495,406.00	6,002,584,949.87	(47,089,543.87)	
		IFIS A/C 131380	$6,505,588,017.48		
Government of Canada -Auto Sector (not in PBFS)	562 FED GOV	Diff FED Loan	(503,003,067.62) 503,003,067.62		

RECONCILIATION

Colleges:

Note 1: Georgian College

(i) Calculation difference between spreadsheet amortization and PBFS during transition to PBFS.	76.95

Note 2: Fanshawe College

(i) OFA Interest Spread :Fanshawe College Davis Campus STC Project: construction loan interest capitalization on June 29th, 2016	2,876.58
(ii) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization on Sept 9, 2016	1,906.16
(iii) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization Sept 29, 2016	2,883.14
(iv) OFA Interest Spread :Fanshawe College Davis Campus STC Project: construction loan interest capitalization on Dec 1, 2016	2,673.90
(v) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization on Dec 9, 2016	1,889.70
(vi) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization Dec 29, 2016	2,858.12
(vii) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization March 1, 2017	5,430.29
(vii) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization March 09, 2017	1,872.92
(ix) OFA Interest Spread: Fanshawe College Davis Campus STC Project: construction loan interest capitalization March 29, 2017	2,832.66
(x) Rounding	0.93
PBFS AND MOF TAS (IFIS) Total differences - Colleges	25,301.35

NOW 35006-86

0.00

Universities

Note 4: University of Ontario Institute of Technology

(i) Rounding	0.00
PBFS AND MOF TAS (IFIS) Total differences - Municipalities	0.00

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OILC:

Note 5: Ontario Infrastructure and Lands Corporation

PBFS AND MOF TAS (IFIS) Total differences - OILC	0.00

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Corporations:

Note 6: OCC Loan

i) OCC PBFS error - Loan is not in PBFS	(40,000,000.00)
ii) OCC Interest Capitalization - Sep 3/2013 not in PBFS (Total $1,868,800 - OFA Spread $210,000)	(1,658,800.00)
iii) OCC Interest capitalization- Sep 2/ 2014 not in PBFS (Total $1,956,110 - OFA Spread $219,811)	(1,736,299.00)
iv) OCC Interest capitalization- Sep 1/ 2015 not in PBFS (Total $2,047,500 - OFA Spread $230,080.97)	(1,817,419.03)
v) OCC Interest Capitalization- Sept 1/2016 not in PBFS (Total $ 2,143,159- OFA Spread $240,830.15)	(1,902,328.85)

Note 7: IESO Loan

IESO Interest capitalization on LOC Rollover on Feb 11/2016 (Total $9,202.83 - OFA Speread $5,411.61)	
iv) Rounding	0.84
PBFS AND MOF TAS (IFIS) Total differences - Corporations	(47,114,846.04)

(0.00)

Municipalities

As of July 11, 2017 AM

Loan Agreements										OIC				
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Available for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated	Adjusted BA Allocated (Construction Loans and LOC at max)	Notes
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**			$0.00			$18,842,922.97	$18,842,922.97	
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**			$0.00			$4,300,244.25	$4,300,244.25	
Boreal College	$7,516,644.19		January 2, 2035		No	**$7,516,644.19**			$0.00			$6,161,335.70	$6,161,335.70	
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**			$0.00	OIC 675/97	Yes	$53,177.26	$53,177.26	
Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**			$0.00	OIC 675/97	Yes	$805,228.41	$805,228.41	
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**			$0.00	OIC 675/97	Yes	$8,314,608.62	$8,314,608.62	
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**			$0.00			$1,077,454.85	$1,077,454.85	
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**			$0.00			$1,867,570.41	$1,867,570.41	
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**			$0.00			$800,395.27	$800,395.27	
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**			$0.00	OIC 675/97	Yes	$11,959,060.56	$11,959,060.56	
Centennial College	$17,070,000.00		September 26, 2029		No	**$17,070,000.00**						$14,800,448.10	$14,800,448.10	
City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**			$0.00	OIC 675/97	Yes	$8,171,389.87	$8,171,389.87	
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**			$0.00			$10,623,908.59	$10,623,908.59	
Conestoga College	$21,500,000.00		October 6, 2031		No	**$21,500,000.00**						$20,894,552.12	$20,894,552.12	
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**			$0.00			$757,167.55	$757,167.55	
Confederation College	$10,600,000.00		December 15, 2017	Construction	No	**5,615,000.00**						$5,627,383.77	$11,650,000.00	Additional undrawn facility is part of agreement ($1,050,000)
Durham College	$6,430,304.00		February 5, 2024		No	**$6,430,304.00**						$4,705,780.69	$4,705,780.69	
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**			$0.00			$17,654,049.00	$17,654,049.00	
Fanshawe College of Applied Arts and Technology	$22,300,000.00		July 31, 2017	Construction	No	**$14,900,000.00**						$19,012,970.96	$22,300,000.00	
George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**			$0.00			$15,727,200.02	$15,727,200.02	
George Brown College	$40,000,000.00		June 24, 2041		No	**$40,000,000.00**						$39,253,575.32	$39,253,575.32	
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**			$0.00	OIC 675/97	Yes	$430,213.30	$430,213.30	
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**			$0.00	OIC 675/97	Yes	$517,553.83	$517,553.83	
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**			$0.00	OIC 675/97	Yes	$812,514.61	$812,514.61	
IESO	$975,000,000.00		December 31, 2019	Line of Credit	Yes	**$0.00**						$109,986,030.30	$500,000,000.00	As per Risa's email, this line of credit facility ($975M) was adjusted to accommodate multiple IESO projects [Adjustment still not reflected in OLMS]
NEW IESO	$475,000,000.00		June 16, 2018	Line of Credit								$3,203,101.35	$475,000,000.00	
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**			$0.00	OIC 675/97	Yes	$3,106,850.13	$3,106,850.13	
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**			$0.00	OIC 675/97	Yes	$3,376,004.08	$3,376,004.08	
Loyalist College	$2,750,000.00		May 7, 2024		No	**$2,750,000.00**			$0.00			$1,999,345.97	$1,999,345.97	
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**			$0.00	OIC 675/97	Yes	$5,210,243.30	$5,210,243.30	
Mohawk College	$34,805,516.70		November 25, 2038		No	$34,805,516.70			$0.00			$32,027,184.16	$32,027,184.16	
Mohawk College	$11,000,000.00		November 29, 2028		No	$11,000,000.00			$0.00			$8,965,667.72	$8,965,667.72	
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**			$0.00	OIC 675/97	Yes	$4,553,428.59	$4,553,428.59	
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00		June 29, 2019	Line of Credit	Yes	**$0.00**			$200,000,000.00	OIC 675/97	Yes	$0.00	$0.00	New LOC currently being negotiated for $200 million but not in place
Partial Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$22,610,683.42**			$0.00			$3,043,699.30	$3,043,699.30	
Ontario Lottery & Gaming	$89,150,000.00		October 2, 2017	Construction	No	**$28,700,000.00**						$28,700,000.00	$35,200,000.00	There is an error for how this was inputted in OLMS. It currently is being addressed but the max is $35.2M
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**			$0.00	OIC 675/97	Yes	$855,791.17	$855,791.17	
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**			$0.00	OIC 675/97	Yes	$1,575,351.16	$1,575,351.16	
Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036	Construction	No	**$40,000,000.00**			$0.00			$47,114,846.88	$47,114,846.88	Conservative approach would be to include accrued interest given OCC circumstances. For accurate amount accrued, please contact Accounting.Balance is as reported in TA March 31, 2017
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**			$0.00			$26,000,000.00	$26,000,000.00	
Sheridan College	$40,180,436.04		March 31, 2042		No	**$40,180,436.04**						$40,180,436.04	$40,180,436.04	
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**			$0.00			$10,716,887.37	$10,716,887.37	
St Clair College	$3,300,000.00		May 14, 2017		No	**$3,300,000.00**						$1,114,514.58	$1,114,514.58	
St Clair College	$3,600,000.00		May 14, 2025		No	**$3,600,000.00**						$2,940,154.72	$2,940,154.72	
The Sault College of Applied A&T	$2,000,000.00		October 31, 2019		No	**$2,000,000.00**						$1,023,088.91	$1,023,088.91	
The Sault College of Applied A&T	$3,000,000.00		October 31, 2029		No	**$3,000,000.00**						$2,597,483.05	$2,597,483.05	
The Sault College of Applied A&T	$6,500,000.00		April 16, 2018	Construction	No	**$6,500,000.00**						$2,004,360.55	$6,500,000.00	
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**			$0.00			$2,823,716.00	$2,823,716.00	

OIC Summary						Adjusted (LOC and Construction at Max Available)	
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC
OIC 675/97	$2,160,000,000.00	$556,288,891.36	$1,603,711,108.64	June 1, 2041	Yes	$1,438,405,044.43	$721,594,955.57
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes	$0.00	$656,000,000.00
						Total Remaining Balance Under OICs	**$1,377,594,955.57**

From: Sarah Harris
To: Andrea Dalgarno; Daki Proudfoot
Subject: RE: OFA Loans -OIC 675/97 and OIC 767/99
Date: Thursday, July 20, 2017 11:06:41 AM

Hi Andrea,
I don't think there is any need for an immediate answer on the capitalized interest.
For the period between accrual and capitalization, it would be useful to get accounting's perspective on the matter. I know very little about the construction loans – how long might interest accrue before it is capitalized?
Thanks,
Sarah

From: Andrea Dalgarno
Sent: Thursday, July 20, 2017 10:59 AM
To: Sarah Harris ; Daki Proudfoot
Subject: FW: OFA Loans -OIC 675/97 and OIC 767/99
Hi Sarah and Daki,
I think we have addressed Bonnie's immediate need to ensure there is enough available as there is ample and the capitalized interest issue should not change that conclusion. Is there any other reason we may need a more immediate answer?
Note I am not aware of any loans other than construction loans where we have the issue. However, I am not familiar with all the agreements. I think perhaps this is better confirmed by you Daki?
I tend to agree logically that at the point the interest is capitalized it should be deemed principal and authority should be allocated.
I am uncertain whether it is necessary to consider the period between accrual and capitalization. I think we do need a legal view on this based on the agreements in conjunction with the OICs and FAA. It is logical to allocate once the amount is actually capitalized but more conservative to assume it will capitalize and allocate at the time the amount is calculated as we would set aside the authority at the time we know it is spoken for. It would be bad form to wait and find out we do not have the authority come the end of the period. That being said, I suspect we would not be waiting until interest could be an issue before addressing authority getting low.
Let me know your thoughts and if the legal feedback can wait.
Regards,
Andrea

Sent: Thursday, July 20, 2017 10:19 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: RE: OFA Loans -OIC 675/97 and OIC 767/99
Hi Andrea – Apologies but I haven't had time to turn my mind to this meaningfully. Could you advise as to timing? Lisa Stein works on most of the loan agreements in our branch but she is away until next week. It would probably make sense for me to ask her to follow up if you don't need an answer urgently because I think part of the response may be found in terms of the loan agreements themselves.

Logically, it would make sense to me that at the point the accrued but unpaid interest is capitalized and effectively becomes part of the principal, borrowing authority would be required. The OICs themselves appear to distinguish between the principal and interest owed by the OFA to the Province and also with respect to the interest that the OFA is entitled to levy on loans it makes to public bodies, so the authority in the OIC appears to exclude the interest amounts, but I know the FAA casts a broad net as to the kinds of activities that are considered borrowing, so I think the crux of your question is with respect to how the uncapitalized, accrued but unpaid interest is treated during the draw down stage when the agreement is structured to capitalize this amount at a future date.

I am assuming that the majority of loans include regular repayments of principal and interest in the ordinary course, but are you aware of any other examples of loans, other than the construction type loans where there is accrued but unpaid interest during the term of the loan (e.g. a term loan where the interest isn't capitalized but the amount is paid off at the end?) If so, it may be a good idea to consider by way of analogy how that interest is treated vis-à-vis the borrowing authority.

Please let me know timing, and we can move this forward with MOF legal.

Thanks very much,

Sarah

From: Andrea Dalgarno
Sent: Wednesday, July 12, 2017 2:44 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: OFA Loans -OIC 675/97 and OIC 767/99

Hi,

We are in the process of verifying the authority used to date under the above referenced revolving OICs. Authority under these OICs provides for OFA Loans to colleges, IESO ($975M), OILC ($200M), ROM, Niagara Parks, City of Windsor…. but *excludes* the school board loans. Loans advanced under these OICs include: Construction Loans, Lines of Credit and Term Loans.

We are seeking your collective advice as it the pertains to Construction Loans and the treatment of interest that is capitalized during the life of such a loan. At the end of the Construction Loan period the loan is converted to a Term Loan where the principal amount includes the capitalized interest accumulated during the construction phase.

We have the following questions with respect to the treatment of capitalized interest under the loans:

1) Is it necessary to allocate authority to cover the interest capitalized?

If yes, then:

2) The question is : At what point do we allocate the authority to cover the capitalized interest- as it is determined (for example quarterly during the term of the Construction Loan) or when it is included into the principal amount of the Term Loan at the end of the construction phase (i.e. when it is converted to a Term Loan under which repayment should occur overtime)?

Your advice would be appreciated.

Regards,

Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority

Tel 416-212-7451

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From:	Sarah Harris
To:	Andrea Dalgarno
Cc:	Daki Proudfoot
Subject:	RE: OFA Loans -OIC 675/97 and OIC 767/99
Date:	Thursday, July 20, 2017 11:21:55 AM

Hi Andrea,
I think you should start with San, and he can redirect if you needed.
Thanks,
Sarah

From: Andrea Dalgarno
Sent: Thursday, July 20, 2017 11:18 AM
To: Sarah Harris
Cc: Daki Proudfoot
Subject: RE: OFA Loans -OIC 675/97 and OIC 767/99
Hi Sarah,
Thank you.
I agree that accounting's view would be helpful. Would it be San and Siva who would be able to address this- just want to make sure before I disturb the wrong people!
From what I can tell the period can run from 90 days (e.g Fanshawe) to a year (e.g Ontario Lottery).
Daki- do you agree based on your knowledge of the agreements?
Regards,
Andrea

From: Sarah Harris
Sent: Thursday, July 20, 2017 11:07 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: RE: OFA Loans -OIC 675/97 and OIC 767/99
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: FW: OFA Loans -OIC 675/97 and OIC 767/99
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
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Thanks very much,
Sarah

From: Andrea Dalgarno
Sent: Wednesday, July 12, 2017 2:44 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: OFA Loans -OIC 675/97 and OIC 767/99

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Your advice would be appreciated.

Regards,

Andrea Dalgarno
Documentation & Analysis Specialist
Ontario Financing Authority
Tel 416-212-7451

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From: Sarah Harris
To: John Psinas
Subject: RE: OFA-IESO Credit Facilities
Date: Thursday, August 17, 2017 9:46:58 AM

Thank you, John.
Sarah

From: John Psinas
Sent: Thursday, August 17, 2017 9:46 AM
To: Risa Thau ; Sarah Harris ; Alfonso Soriano ; George Sakura ; Graham Monroe ; Tony Dong
Cc: Bruno Amara ; William Tan ; Opal Kandelas ; Ken Kandeepan ; Kevin Hwang
Subject: RE: OFA-IESO Credit Facilities

Sarah,
Similarly, accounting does not see any insurmountable obstacles. Accounting would just need to create a new TAS account for the new credit facility.
Thanks.
John

From: Risa Thau
Sent: Thursday, August 17, 2017 9:34 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: OFA-IESO Credit Facilities

Hi Sarah,
From a Settlements perspective there is no issue, however since Capital Markets inputs these loans they will have to investigate if this is doable with Vivek, therefore I am copying Carlos, Selena, Jim and Craig.
Thanks,
Risa Thau
Carlos, Selena, Jim and Craig,
If you need any help with this issue I'd be happy to participate.
Thanks, Risa

From: Sarah Harris
Sent: Tuesday, August 15, 2017 11:53 AM
To: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFA-IESO Credit Facilities

Hello,
We are currently in the process of working on a new $2B OFA-IESO Credit Facility to provide funding in respect of the Ontario Fair Hydro Plan. Under this framework, the existing $975 million OFA-IESO

Credit Facility is to be reduced to $475 million. Due to a required Ministerial approval, the new $2B facility will not be executed until mid-September (estimate).
Once the new $2B facility is in place, the OFA would be looking to re-allocate certain loans (TBD) from the existing $975M credit facility to the new $2B facility, in order to bring the existing facility under the new intended $475 million limit. Effectively, under the legal agreements, it would be transferring certain loans from the existing facility to the new facility. The intention is that there will be no movement of funds and therefore no cash impact (that is, IESO does not repay the existing loans, and the OFA does not fund the new loans).
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From: Tony Dong
To: Sarah Harris
Cc: Graham Monroe; Susan Szabo; Connie Chen
Subject: RE: OFA-IESO Credit Facilities
Date: Wednesday, August 16, 2017 4:30:08 PM

Hi, Sarah
We don't think there will be any operational obstacles in Risk Control Operations regarding this transfer of credit facility, thanks.

Tony Dong
Risk Control Operations
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M5G 1Z3
Tel: 416-326-7677
Fax: 416-204-7783

From: Sarah Harris
Sent: Tuesday, August 15, 2017 11:53 AM
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Cc: Bruno Amara ; William Tan ; Opal Kandelas ; Ken Kandeepan
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Cc:	Bruno Amara; William Tan; Opal Kandelas; Ken Kandeepan; Kevin Hwang
Subject:	RE: OFA-IESO Credit Facilities
Date:	Thursday, August 17, 2017 9:45:42 AM

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Subject: RE: OFA-IESO Credit Facilities
Date: Thursday, August 17, 2017 9:36:59 AM

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To: Alfonso Soriano
Subject: RE: OFA-IESO Credit Facilities
Date: Thursday, August 17, 2017 9:18:10 AM

Thanks, Alfonso.
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From: Alfonso Soriano
Sent: Wednesday, August 16, 2017 8:40 PM
To: Sarah Harris
Subject: Re: OFA-IESO Credit Facilities
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To: John Psinas
Subject: RE: OFA-IESO Credit Facilities
Date: Thursday, August 17, 2017 9:46:58 AM

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To:	Lisa Stein
Cc:	Bonnie Zhang
Subject:	RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx
Date:	Monday, July 10, 2017 2:33:59 PM
Attachments:	FW minister"s directive annual lending directive 201718 V1-rev1.doc.msg

Hi Lisa and Bonnie,

Sorry to be taking a bit in getting back to you, but I've needed to consult with Martine and Opal on this, as I've not been involved in the lending directive exercise previously. It seems to me that you do not need to include 1051/12 since it is amending existing OICS, the current paragraph in the lending directive (which Lisa provided .

From: Lisa Stein
Sent: Thursday, July 06, 2017 11:35 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: FW: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Sarah,

Further to the e-mails below, we are trying to determine whether to include OICs 1051/2012 and OIC 354/2014 in the OFA's annual lending directive, given that the OFA will not be lending to school boards. As the language is general, it appears that these OICs could be used to fund other types of loans. Do you have any insight into this?

Thank you,

Lisa

From: Bonnie Zhang
Sent: Thursday, July 06, 2017 11:18 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Lisa,

I attached a summarized OIC sheet for your reference. The OICs issued for the school board loan purposes themselves didn't restrict the use of the authorized amounts. I don't know if they can also be used for other OFA loans or not? Earlier OICs were amended by OIC 844/2008 to extend the maturity to June 1, 2041, and also amended by OIC 1723/0009, OIC 1268/2010 and OIC 1051/2012 for the spread to be retained at the OFA.

I have attached all the OICs that I can locate. I will check with Martine and Sarah to see if they can locate other OICs.

Back to your original comments, OIC 163/1012 was actually referred in OIC 1051/2012, so just OIC 1051/2012 and OIC 354/2014 need to be referred in the BN if OICs issued for the school board loans could also be used for other OFA loans.

Thanks,
Bonnie

From: Lisa Stein
Sent: Wednesday, July 05, 2017 4:42 PM
To: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Cc: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Bonnie,

Can you please send me copies of both OICs? If you are unable to locate them, perhaps ask someone in documentation?

Lisa

From: Bonnie Zhang
Sent: Wednesday, July 05, 2017 4:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Subject: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Lisa,

I have made a few wording changes based on your comments in highlighted paragraphs in the attached BN. For the OIC quoting under "Interest Rate Spreads", according to my record, the OICs of 163/2012 and 354/2014 are dealing with school board loans, and since we have stopped providing loans to school board, they are not relevant. Although, I couldn't locate a copy of OIC 163/2012. So if I am wrong, please let me know.

And we are still waiting for legal to provide one paragraph as indicated by you in the attached BN.

Thanks,
Bonnie

From: Lisa Stein []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]; Sarah McGowan [Sarah.McGowan@ofina.on.ca]
CC: Michael Smith [Michael.Smith@ofina.on.ca]; Bonnie Zhang [Bonnie.Zhang@ofina.on.ca]; Greg Moore [Greg.Moore@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 10:14:20

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thank you,

Lisa

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,
Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Sarah Harris
To:	Bonnie Zhang
Cc:	Michael Smith; Mara Bakic; Caroline Swerdlyk; Lisa Stein; Opal Kandelas; Daki Proudfoot; Andrea Dalgarno
Subject:	RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx
Date:	Tuesday, July 18, 2017 1:16:46 PM

Hi Bonnie,
Documentation is able confirm OFA lending activity for the IESO and OILC agreements under the two OFA lending OICs (OICs 675/97 and OIC 767/99) since we are familiar with these agreements, however, Corporate Finance would need to confirm the completeness and outstanding balances for the lending activity under loan agreements originated from CEFD.
I recently reached out to Corporate Finance for confirmation of the numbers on a spreadsheet that was jointly updated by Corporate Finance and Documentation in 2013. Daki Proudfoot has been working to review the CEFD loans under the two OICs; there remains an outstanding legal question about the inclusion of capitalized in the balances, and MoF and OFA Legal are considering this question.
I am copying Daki on this e-mail, since he and Andrea Dalgarno are working jointly update an OIC loans spreadsheet from 2013. Andrea is away today, but I think the table could be jointly finalized tomorrow, with exclusion of capitalized interest. For the purpose of confirming available space under the existing OICS (based on what I have seen in the table as it's been updated), it looks like there will be more than sufficient authority under the existing OICs for the next year, but I would ask Daki and Andrea to confirm this tomorrow when the table is finalized. While I expect capitalized interest will ultimately be included, it would only make up a small proportion of the OICs.
Thanks,
Sarah

From: Bonnie Zhang
Sent: Monday, July 17, 2017 10:38 AM
To: Sarah Harris
Cc: Michael Smith ; Mara Bakic ; Caroline Swerdlyk ; Lisa Stein ; Opal Kandelas
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx
Hi Sarah,
Could you please confirm that there will be a sufficient OIC amount to cover OFA new loans in the attached annual lending directive asap? We plan to have the document in the approval process by the end of the week.
Let me know if you have any questions.
Thanks,
Bonnie

From: Sarah Harris
Sent: Tuesday, July 11, 2017 2:03 PM
To: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx
Hi Bonnie,
Sorry for the delay.
OIC 354/2014 - My view is that 354/2014 should not be included for new lending. While the OIC is general, the briefing material that usually accompanies the OIC states the purpose for the OIC. In

this case, it would have been purposed for school board loans. As there is no intention (whatsoever) to have additional school board loans, I think it may be misleading to include it for additional lending directive.

OIC 1051/2012 – I don't know that this OIC needs to be stated overtly. The relevant section in the draft lending directive reads, "Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, **all as amended**, made under subsection 22(1) of the *Capital Investment Plan Act, 1993…"*

1051/2012 is actually an amending OIC in itself (it is amending the interest for a large group of OICs). The question I would have Lisa consider is whether this is already included in the "all as amended" language.

Thanks,

Sarah

From: Bonnie Zhang
Sent: Tuesday, July 11, 2017 10:27 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Sarah,

Could you provide your comments on whether the OICs originally issued for SB loans can also be used for other OFA loans before their maturity as indicated by the emails below?

Thanks,

Bonnie

From: Lisa Stein
Sent: Thursday, July 06, 2017 11:35 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: FW: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Sarah,

Further to the e-mails below, we are trying to determine whether to include OICs 1051/2012 and OIC 354/2014 in the OFA's annual lending directive, given that the OFA will not be lending to school boards. As the language is general, it appears that these OICs could be used to fund other types of loans. Do you have any insight into this?

Thank you,

Lisa

From: Bonnie Zhang
Sent: Thursday, July 06, 2017 11:18 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx

Hi Lisa,

I attached a summarized OIC sheet for your reference. The OICs issued for the school board loan purposes themselves didn't restrict the use of the authorized amounts. I don't know if they can also be used for other OFA loans or not? Earlier OICs were amended by OIC 844/2008 to extend the maturity to June 1, 2041, and also amended by OIC 1723/0009, OIC 1268/2010 and OIC 1051/2012 for the spread to be retained at the OFA.

I have attached all the OICs that I can locate. I will check with Martine and Sarah to see if they can locate other OICs.
Back to your original comments, OIC 163/1012 was actually referred in OIC 1051/2012, so just OIC 1051/2012 and OIC 354/2014 need to be referred in the BN if OICs issued for the school board loans could also be used for other OFA loans.
Thanks,
Bonnie

From: Lisa Stein
Sent: Wednesday, July 05, 2017 4:42 PM
To: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Cc: Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>
Subject: RE: OFA_AnnualLendingDirective-PublicBodies_2017-18 - BN v5.docx
Hi Bonnie,
Can you please send me copies of both OICs? If you are unable to locate them, perhaps ask someone in documentation?
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And we are still waiting for legal to provide one paragraph as indicated by you in the attached BN.
Thanks,
Bonnie

From: Caroline Swerdlyk
To: William Tan
Cc: Sarah Neville; Sarah Harris; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Date: Wednesday, August 30, 2017 1:59:14 PM

Hi Will,
I see that there are questions directed to Lisa in the promissory note. Did Lisa review it already or did you have a chance to discuss these questions with her?
Is this promissory note based on a recent precedent?
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)
Good morning Toby,
I updated the table only to be consistent with more recent precedent. Please review and comment.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 26, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

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Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Risa Thau
To: Daki Proudfoot
Cc: Sarah Harris
Subject: RE: OLMS-related question
Date: Thursday, July 13, 2017 4:06:55 PM

Hi Daki,
As per our discussion today, the reason IESO has 2 credit facilities and 2 lines of credit is because the OFA is funding 2 different projects for them. Unfortunately OLMS cannot handle one credit facility for 2 different projects. I asked Carlos Yep to set up a new credit facility of $475 mm under the Rural or Remote Electricity Rate Protection Plan when we loaned IESO money under that project and asked him to reduce the credit facility to $500 mm for the project Regulated Price Plan Variance. He forgot to reduce the latter credit facility. He is away on vacation until next week. I will ask him to fix this when he returns.
Sarah,
The reason I am copying you is because Daki came to me with this question because Documentation is working on the OIC for IESO. If you or anyone in Documentation has any questions, please have them come see me.
Thanks,
Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Daki Proudfoot
Sent: Thursday, July 13, 2017 2:39 PM
To: Risa Thau
Subject: OLMS-related question
Hello Risa,
How are you? I was hoping to ask you an OLMS-related question when you have a free moment. I'm working with Documentation at the moment for tallying all outstanding loans that fall under two particular OICs. I've run into two IESO entries on OLMS that I'm trying to make sense of. One entry (loan ID: 1275) aligns with what the electricity folk here understand to be available to IESO as a line of credit. The other entry (loan id: 1590) however doesn't align with our understanding for what has been given to IESO. Vivek said you might have some insight on this.
When you're free, would we be able to connect over the phone?

Thanks,
Daki Proudfoot
Economic Specialist
Ontario Financing Authority
1 Dundas Street West, Suite 300
Toronto, ON M7A 1Y7
Office: (416) 325 3074 | Mobile: (647) 534 4091
daki.proudfoot@ofina.on.ca

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Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

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Thanks,

Daki Proudfoot
Economic Specialist

Ontario Financing Authority
1 Dundas Street West, Suite 300
Toronto, ON M7A 1Y7
Office: (416) 325 3074 | Mobile: (647) 534 4091
daki.proudfoot@ofina.on.ca

To:	Risa Thau
Cc:	Daki Proudfoot
Subject:	RE: OLMS-related question
Date:	Thursday, July 13, 2017 4:15:29 PM

Thanks, Risa.

Appreciated!

Sarah

From: Risa Thau
Sent: Thursday, July 13, 2017 4:07 PM
To: Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OLMS-related question

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Subject: OLMS-related question

Hello Risa,

How are you? I was hoping to ask you an OLMS-related question when you have a free moment. I'm working with Documentation at the moment for tallying all outstanding loans that fall under two particular OICs. I've run into two IESO entries on OLMS that I'm trying to make sense of. One entry (loan ID: 1275) aligns with what the electricity folk here understand to be available to IESO as a line of credit. The other entry (loan id: 1590) however doesn't align with our understanding for what has been given to IESO. Vivek said you might have some insight on this.

When you're free, would we be able to connect over the phone?

Thanks,

Daki Proudfoot
Economic Specialist

Ontario Financing Authority
1 Dundas Street West, Suite 300
Toronto, ON M7A 1Y7
Office: (416) 325 3074 | Mobile: (647) 534 4091
daki.proudfoot@ofina.on.ca

From: Opal Kandelas
To: Sarah Harris
Subject: RE: OPG blurb
Date: Tuesday, July 04, 2017 4:49:50 PM

Thanks.

From: Sarah Harris
Sent: Tuesday, July 04, 2017 4:02 PM
To: Opal Kandelas
Subject: OPG blurb

OPG-OEFC Credit Facility

Purpose: General Corporate Purposes and Darlington requirements

Current Limit: CAD 700M to December 31, 2017

Amendment:

- Increase to CAD 2.35B to December 31, 2018
- Amend definition of Base Rate to more closely relate to hedging that is done for the borrowing.
- Additional proposed amendment by OPG (being considered internally in OFA) to amend definition of S*ubsidiary* to exclude "any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario). The entity needs to be legally separated from OPG and be a single purpose entity for the FHP to work (see the information that Ryan and Kelly put together earlier).

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From: Sarah Harris
To: William Tan
Subject: RE: Operational Challenge and Solution IESO OFA
Date: Thursday, June 29, 2017 3:51:58 PM

Thanks Will. This requires a little more info, but is close. When you're in tomorrow, please drop by my office and we can discuss edits.
Thanks,
Sarah

From: William Tan
Sent: Thursday, June 29, 2017 2:34 PM
To: Sarah Harris
Subject: Operational Challenge and Solution IESO OFA
Hello Sarah,
I've recorded our conversation with Salman, Lisa and Anthony. Do you mind taking a quick look that this email is sufficiently captures our conversation before I send it to Lisa and Salman?
Thanks,
Will
Hello all,

Issue:

IESO will not have completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. As a result, the new and existing credit facilities will not be set-up in time of the targeted set-up date of July 1. According to Anthony Martinello (IESO) their legal department have a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility as Regulated Price Plan (RPP) (FHP related financing) and does not plan to exceed $475 million.
OFA concerns:
If the existing credit facility is fully utilized up to its limit of $975 million and the $2 Billion credit facility is approved the potential **operational challenges** are as follows:

1. Reducing the existing credit facility down to $475 million with an outstanding balance of $975 million.
2. Logistical and procedural issue of repayment of the outstanding balance before the advancement of funds under the new credit facility (potentially an overlap of credit availability of $500 million).

Solution:

To assist OFA in its operational concerns, Anthony Martinello has agreed to deliver the executed Amending Agreement 10, to reduce the credit facility from $975 million down to $475 million. (He would utilize his other credit facility at TD bank instead if necessary). He also agreed, in the event IESO borrows more than $475 million before the existing credit facility is reduced, the result would be to reduce the $ 2 Billion credit facility by the same amount.
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 3:09:36 PM

Hi Will,
Toby and I are putting together a list of outstanding issues in relation to this file and additional discussion will be required. Can you please set up a placeholder call for tomorrow afternoon with Toby and myself, as well as everyone I previously suggested?
Thank you,
Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement
Hello Mike,
Based on Ken's response would you still like me to arrange a call?
Thanks,
Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Will
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.
As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.
Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement
Good morning Ken,
I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?
Or would you like some additional back ground regarding this matter?
Thanks,
Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating. I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High
Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured

loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.
Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.
Thank you,
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Lisa N. Stein
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416-325-2320

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From:	Lisa Stein
To:	John Kim; William Tan; Bruno Amara
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:47:17 PM

Thank you. I agree that Ken and Mike should weigh in before we proceed.
Lisa

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From: John Kim
To: William Tan; Bruno Amara
Cc: Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Lisa Stein; Ken Kandeepan; Mike Manning
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Friday, August 04, 2017 3:41:54 PM

Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating. I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
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From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara ; John Kim
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Lisa Stein
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High
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Ontario Financing Authority
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To:	Bruno Amara; John Kim
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Lisa Stein
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:23:45 PM

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From:	William Tan
To:	Sarah Harris
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:59:55 PM

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From: Sarah Harris
Sent: Tuesday, August 08, 2017 1:48 PM
To: William Tan
Subject: FW: Policy question re OFHP Credit Facility Agreement

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Sent: Tuesday, August 08, 2017 1:47 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

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Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
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Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
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From:	Opal Kandelas
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:32:25 PM

I'm available.

From: William Tan
Sent: Tuesday, August 08, 2017 1:09 PM
To: Opal Kandelas
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hi Opal,
Are you available this afternoon to join in a quick meeting with Mike, Sarah and I?
I think he's in a meeting from 2pm to 3pm.
Thanks,
Will

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:01 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
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From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Legal Counsel
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416-325-2320

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From:	Opal Kandelas
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:32:25 PM

I'm available.

From: William Tan
Sent: Tuesday, August 08, 2017 1:09 PM
To: Opal Kandelas
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hi Opal,
Are you available this afternoon to join in a quick meeting with Mike, Sarah and I?
I think he's in a meeting from 2pm to 3pm.
Thanks,
Will

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:01 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I was only looking to have a quick meeting with you and Opal, possibly Sarah as well.
Thanks, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,
Based on Ken's response would you still like me to arrange a call?
Thanks,
Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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To:	William Tan
Cc:	Sarah Harris; Tobias P. Whitfield (MOF)
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 11:37:31 AM

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To: Sarah Harris
Cc: Jean-Francois Beaupre; Kelly Listoe
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Friday, August 04, 2017 4:27:58 PM

Hi Sarah,
I spoke to Lisa and asked her to provide me with a high level explanation of intercept provision so I can assist in moving this agreement forward today. (The 2:36pm email was the first-time JF and I were notified of this being an issue). Her response was that this is a legal issue and not a drafting issue. Sarah Neville is also aware of the intercept provision issue. Toby contacted Ministry of Energy Legal to get clarification on this issue. She recommended to wait for MOF LSB to provide an answer. Essentially the matter was out of my hands.
Now that John Kim provided his approval, we are now waiting for Ken and Mike to weigh-in. OFA Legal is now going to make the appropriate changes to the draft tonight and on Tuesday. I will notify IESO that a draft will be coming early next week.
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The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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****

From: William Tan
To: Sarah Harris
Cc: Jean-Francois Beaupre; Kelly Listoe
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Friday, August 04, 2017 4:27:58 PM

Hi Sarah,
I spoke to Lisa and asked her to provide me with a high level explanation of intercept provision so I can assist in moving this agreement forward today. (The 2:36pm email was the first-time JF and I were notified of this being an issue). Her response was that this is a legal issue and not a drafting issue. Sarah Neville is also aware of the intercept provision issue. Toby contacted Ministry of Energy Legal to get clarification on this issue. She recommended to wait for MOF LSB to provide an answer. Essentially the matter was out of my hands.
Now that John Kim provided his approval, we are now waiting for Ken and Mike to weigh-in. OFA Legal is now going to make the appropriate changes to the draft tonight and on Tuesday. I will notify IESO that a draft will be coming early next week.
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 04, 2017 3:47 PM
To: John Kim ; William Tan ; Bruno Amara
Cc: Sarah Harris ; Sarah Neville ; Jean-Francois Beaupre ; Ken Kandeepan ; Mike Manning ; Tobias P. Whitfield (MOF)
Subject: RE: Policy question re OFHP Credit Facility Agreement
Thank you. I agree that Ken and Mike should weigh in before we proceed.
Lisa

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating. I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
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****

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 3:09:36 PM

Hi Will,
Toby and I are putting together a list of outstanding issues in relation to this file and additional discussion will be required. Can you please set up a placeholder call for tomorrow afternoon with Toby and myself, as well as everyone I previously suggested?
Thank you,
Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.
Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement
Hello Mike,
Based on Ken's response would you still like me to arrange a call?
Thanks,
Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Will
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.
As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.
Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement
Good morning Ken,
I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?
Or would you like some additional back ground regarding this matter?
Thanks,
Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating. I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High
Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured

loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.
Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.
Thank you,
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Lisa Stein
To:	John Kim; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:54:17 PM

Hi John,

As I've noted in my e-mail below, in order for the intercept provisions to be excluded from a loan agreement for an unsecured loan provided by the OFA to a public body, the OFA Lending Policy requires direction from the Minister, Treasury Board, or Cabinet. Toby and I have discussed the rationale that you have provided below, and we agree that it supports the business case for this direction.

Happy to discuss further.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
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From: John Kim
Sent: Tuesday, August 15, 2017 1:16 PM
To: Lisa Stein ; Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; Gavin He ; Anna Strathy ; Kenneth Russell
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Lisa,

I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:

We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.

The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?

The Minister, I understand, is away until September.

Happy to chat or hear comments.

Thanks,

John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Ken Kandeepan

Sent: Friday, August 11, 2017 9:40 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris

Sent: Friday, August 11, 2017 9:35 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we

are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.
Security Interest - Background
In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

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General Note re: Timing Impact of Intercept Provision

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Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

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Sent from my iPhone

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<Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

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> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

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minimal.
Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,
I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.
The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.
I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.
I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.
In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an

intercept, and that other Provincial loans to public bodies or other groups may be secured.

- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:31:09 AM

Hi Ken,
Thanks very much for confirming this

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the

OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*

- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

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Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Thursday, August 10, 2017 5:11:52 PM

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interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
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In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

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Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch

Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch

Ministry of Finance
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Phone: 416-325-1456

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Thursday, August 10, 2017 11:55:50 AM
Attachments:	OFA Lending Policy Final (April 16 2010).pdf

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to

make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made <u>not</u> to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision <u>is required</u>, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of

Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara
Cc: Sarah Harris ; Lisa Stein ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan

<Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement

Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Tuesday, August 08, 2017 5:03 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
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    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
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Tobias Whitfield
Counsel, Legal Services Branch
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Phone: 416-325-1456

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OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
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Attachments:	OFA Lending Policy Final (April 16 2010).pdf

Hi Ken,

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Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to

make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made <u>not</u> to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision <u>is required</u>, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of

Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara
Cc: Sarah Harris ; Lisa Stein ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
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On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
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> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
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>
> ---
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> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan

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Subject: RE: Policy questions re OFHP Credit Facility Agreement

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To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement

Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Tuesday, August 08, 2017 5:03 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying

facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein; Sarah Harris; William Tan
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 4:20:19 PM

I have sent this in reply to Ken's email, but limited the list to you three so that you can share and discuss as you see fit.
To clarify, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.
The steps of the transaction would be:
1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
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Let me know if that makes sense, or if I can explain the process further.
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 9, 2017 1:54 PM
To: Bruno Amara
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Manning, Mike (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Tan, William (OFA); Kim, John (OFA); He, Gavin (OFA)
Subject: Re: Policy questions re OFHP Credit Facility Agreement

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Sent: Wednesday, August 09, 2017 10:09 AM
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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

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From: Whitfield, Tobias P. (MOF)
To: Lisa Stein; Sarah Harris; William Tan
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 4:20:19 PM

I have sent this in reply to Ken's email, but limited the list to you three so that you can share and discuss as you see fit.
To clarify, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.
The steps of the transaction would be:
1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.
Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.
Let me know if that makes sense, or if I can explain the process further.
Toby

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 9, 2017 1:54 PM
To: Bruno Amara
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Manning, Mike (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Tan, William (OFA); Kim, John (OFA); He, Gavin (OFA)
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

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Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could

happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Sarah Harris; Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:57:53 AM

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara ; John Kim
Cc: Mike Manning ; Ken Kandeepan ; Opal Kandelas ; Lisa Stein ; Tobias P. Whitfield (MOF) ; William Tan
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to

the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
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- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

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From:	John Kim
To:	Lisa Stein; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:16:27 PM

Hi Lisa,
I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:
We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.
The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?
The Minister, I understand, is away until September.
Happy to chat or hear comments.
Thanks,
John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,

Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution

of the FHP facility will take longer than expected, likely taking an additional number of weeks.
If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.
If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific

terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
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Importance: High

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I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

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Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or

other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Sarah Harris; Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:57:53 AM

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara ; John Kim
Cc: Mike Manning ; Ken Kandeepan ; Opal Kandelas ; Lisa Stein ; Tobias P. Whitfield (MOF) ; William Tan
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to

the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
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- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

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From:	John Kim
To:	Lisa Stein; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:16:27 PM

Hi Lisa,
I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:
We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.
The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?
The Minister, I understand, is away until September.
Happy to chat or hear comments.
Thanks,
John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.
Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,

Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution

of the FHP facility will take longer than expected, likely taking an additional number of weeks.
If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.
If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific

terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

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I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
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Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:57:38 AM

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
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I have discussed my proposed approach with Gadi, who is supportive.

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Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility

prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
> Lisa
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, August 09, 2017 10:37 AM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of

intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
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Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility

prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

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> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
> Lisa
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> **From:** Sarah Harris
> **Sent:** Wednesday, August 09, 2017 10:37 AM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of

intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.

- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:39:58 AM

Perfect, thank you very much
Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Thanks for clarifying the approach on this matter.
Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

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Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

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Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place

such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:39:58 AM

Perfect, thank you very much
Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Thanks for clarifying the approach on this matter.
Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.
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I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein

Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein

Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
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To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:34:53 AM

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Draft E-mail to IESO

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Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

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We became aware of a potential requirement under the OFA's lending policy which needs to

be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

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If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

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Sarah

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Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
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It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

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> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.
Thank you,
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Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,
Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal)

nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.

    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:34:53 AM

Hi Ken,
Thanks for clarifying the approach on this matter.
Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris
Cc: Lisa Stein ; Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; John Kim ; Gavin He ; Anna Strathy
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA

needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement.

We became aware of a potential requirement under the OFA's lending policy which needs to

be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

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Sent: Wednesday, August 09, 2017 1:54 PM

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.

    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
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- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	John Kim; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:54:17 PM

Hi John,

As I've noted in my e-mail below, in order for the intercept provisions to be excluded from a loan agreement for an unsecured loan provided by the OFA to a public body, the OFA Lending Policy requires direction from the Minister, Treasury Board, or Cabinet. Toby and I have discussed the rationale that you have provided below, and we agree that it supports the business case for this direction.

Happy to discuss further.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320
****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: John Kim
Sent: Tuesday, August 15, 2017 1:16 PM
To: Lisa Stein ; Ken Kandeepan ; Sarah Harris
Cc: Bruno Amara ; Mike Manning ; Opal Kandelas ; Tobias P. Whitfield (MOF) ; William Tan ; Gavin He ; Anna Strathy ; Kenneth Russell
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Lisa,

I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:

We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.

The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?

The Minister, I understand, is away until September.

Happy to chat or hear comments.

Thanks,

John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Ken Kandeepan

Sent: Friday, August 11, 2017 9:40 AM

To: Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris

Sent: Friday, August 11, 2017 9:35 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we

are able execute the new $2B FHP facility.
Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah
Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.
I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.
I have discussed my proposed approach with Gadi, who is supportive.
Thanks
Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,
Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.
Security Interest - Background
In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well

as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
> Lisa
>
> ---
>
> **From:** Sarah Harris
> **Sent:** Wednesday, August 09, 2017 10:37 AM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan

<Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be

minimal.
Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,
I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.
The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.
I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.
I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.
In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an

intercept, and that other Provincial loans to public bodies or other groups may be secured.

- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Neville
To:	Sarah Harris; William Tan
Subject:	RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Thursday, July 13, 2017 10:54:21 AM

Thanks Sarah - just trying to find the time to wade through the background docs to get up to speed.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 10:53 AM
To: Sarah Neville ; William Tan
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Thank you, Sarah.
Will is away today, so you can direct any feedback my way.
Thanks!
Sarah H.

From: Sarah Neville
Sent: Wednesday, July 12, 2017 4:08 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

OK thanks. I have reviewed the amending agreement #10 and do have some comments but want to go through some of the background materials first. I will provide feedback tomorrow.
Thanks very much,
Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 3:29 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hi Sarah,
FYI, I'm still waiting on Electricity Finance to provide their recommended language for the "use of proceeds" portion of Amending Agreement 10. They pointed out to me the these two credit facilities are not exactly fungible and as a result the "use of proceeds" may differ slightly between them.
Waiting to hear from them
Will

From: William Tan
Sent: Wednesday, July 12, 2017 3:26 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hello Bruno,
As per our discussion, yes, this pertains to the amending agreement to reduce an existing credit facility from $975 million credit facility down to $475 million and a creation of a separate $2 billion credit facility.

When agreements are updated, Documentation will update areas with the most updated version of a provision and make areas consistent where appropriate. If the "use of proceeds" between the existing IESO OFA Credit Facility and the new OFHP Credit Facility are intentionally different, I ask for some assistance on the recommended wording.
I hope this helps.
Will

From: Bruno Amara
Sent: Wednesday, July 12, 2017 2:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hi William
Apologies if I'm a bit behind on this but I want to clarify a couple of things.
Could you confirm that this pertains to amending the agreement with respect to the $975M credit facility, now reduced to $475M.
If so, my understanding was that the reduction to this credit facility was because IESO now has the new $2B credit facility to deal with OFHP timing differences etc. As there was some overlap with the purpose of the previous credit facility, and in order to avoid duplication, the old credit facility can be reduced to $475M. I understood that the $475M is still required for other purposes not covered by the new facility, i.e., a different use of proceeds. So I'm wondering why Documentation proposes the same Use of Proceeds wording as for the $2B facility.
I may be misunderstanding/misreading something.
Thanks
Bruno

From: William Tan
Sent: Tuesday, July 11, 2017 7:25 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hello Salman, Bruno and John,
We have received a proposed change with respect to the existing IESO OFA Credit Facility under Amending Agreement 10. Attached is IESO's comments to change "Use of Proceeds":

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).

2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Below is a table comparing IESO's proposed changes and Documentation's recommended changes. Gentlemen, please provide your approval/thoughts to the proposed changes for the "Use of Proceeds".

Comparison Table: IESO OFA Amending Agreement 10 Credit Facility

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Sarah Neville; William Tan
Subject:	RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Thursday, July 13, 2017 10:53:24 AM

Thank you, Sarah.
Will is away today, so you can direct any feedback my way.
Thanks!
Sarah H.

From: Sarah Neville
Sent: Wednesday, July 12, 2017 4:08 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

OK thanks. I have reviewed the amending agreement #10 and do have some comments but want to go through some of the background materials first. I will provide feedback tomorrow.
Thanks very much,
Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 3:29 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hi Sarah,
FYI, I'm still waiting on Electricity Finance to provide their recommended language for the "use of proceeds" portion of Amending Agreement 10. They pointed out to me the these two credit facilities are not exactly fungible and as a result the "use of proceeds" may differ slightly between them.
Waiting to hear from them
Will

From: William Tan
Sent: Wednesday, July 12, 2017 3:26 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

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From:	Sarah Harris
To:	Sarah Neville; William Tan
Subject:	RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Thursday, July 13, 2017 10:53:24 AM

Thank you, Sarah.
Will is away today, so you can direct any feedback my way.
Thanks!
Sarah H.

From: Sarah Neville
Sent: Wednesday, July 12, 2017 4:08 PM
To: William Tan
Cc: Sarah Harris
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

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Subject: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Hello Salman, Bruno and John,
We have received a proposed change with respect to the existing IESO OFA Credit Facility under Amending Agreement 10. Attached is IESO's comments to change "Use of Proceeds":

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).

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Below is a table comparing IESO's proposed changes and Documentation's recommended changes. Gentlemen, please provide your approval/thoughts to the proposed changes for the "Use of Proceeds".

Comparison Table: IESO OFA Amending Agreement 10 Credit Facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Bruno Amara
To: William Tan
Cc: Sarah Harris; John Kim
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date: Wednesday, July 12, 2017 1:39:29 PM

Hi William
Sorry, we're reviewing and will get back to you asap.
Bruno

From: William Tan
Sent: Tuesday, July 11, 2017 7:25 PM
To: Salman Qadir ; Bruno Amara ; John Kim
Cc: Sarah Harris
Subject: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

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From:	Sarah Neville
To:	Sarah Harris; William Tan
Subject:	RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility
Date:	Thursday, July 13, 2017 10:54:21 AM

Thanks Sarah - just trying to find the time to wade through the background docs to get up to speed.
Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 10:53 AM
To: Sarah Neville ; William Tan
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Thank you, Sarah.
Will is away today, so you can direct any feedback my way.
Thanks!
Sarah H.

From: Sarah Neville
Sent: Wednesday, July 12, 2017 4:08 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

OK thanks. I have reviewed the amending agreement #10 and do have some comments but want to go through some of the background materials first. I will provide feedback tomorrow.
Thanks very much,
Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 3:29 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hi Sarah,
FYI, I'm still waiting on Electricity Finance to provide their recommended language for the "use of proceeds" portion of Amending Agreement 10. They pointed out to me the these two credit facilities are not exactly fungible and as a result the "use of proceeds" may differ slightly between them.
Waiting to hear from them
Will

From: William Tan
Sent: Wednesday, July 12, 2017 3:26 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hello Bruno,
As per our discussion, yes, this pertains to the amending agreement to reduce an existing credit facility from $975 million credit facility down to $475 million and a creation of a separate $2 billion credit facility.

When agreements are updated, Documentation will update areas with the most updated version of a provision and make areas consistent where appropriate. If the "use of proceeds" between the existing IESO OFA Credit Facility and the new OFHP Credit Facility are intentionally different, I ask for some assistance on the recommended wording.
I hope this helps.
Will

From: Bruno Amara
Sent: Wednesday, July 12, 2017 2:03 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

Hi William
Apologies if I'm a bit behind on this but I want to clarify a couple of things.
Could you confirm that this pertains to amending the agreement with respect to the $975M credit facility, now reduced to $475M.
If so, my understanding was that the reduction to this credit facility was because IESO now has the new $2B credit facility to deal with OFHP timing differences etc. As there was some overlap with the purpose of the previous credit facility, and in order to avoid duplication, the old credit facility can be reduced to $475M. I understood that the $475M is still required for other purposes not covered by the new facility, i.e., a different use of proceeds. So I'm wondering why Documentation proposes the same Use of Proceeds wording as for the $2B facility.
I may be misunderstanding/misreading something.
Thanks
Bruno

From: William Tan
Sent: Tuesday, July 11, 2017 7:25 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Proposed change - Use of Proceeds under the existing IESO OFA Credit Facility

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From:	Anna Strathy
To:	John Kim; Sarah Harris
Cc:	Bruno Amara; Lisa Stein; William Tan
Subject:	RE: Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 5:05:00 PM

Thanks John, Sarah. I'll wait to hear from your teams before making inquiries.

From: John Kim
Sent: Tuesday, August 15, 2017 5:04 PM
To: Anna Strathy ; Sarah Harris
Cc: Bruno Amara ; Lisa Stein ; William Tan
Subject: RE: Question re: signature of a proposed directive.

Hi Anna,

I've been catching up on this file and I would like us to consider other options before making inquiries about the delegate option.

Just got a call from Sarah as I was drafting this as well.

I've spoken to Lisa and also CFB staff here on the floor this afternoon. The intercept provision is not relevant for the IESO (given the organization is ratepayer funded) and would like to explore ways of putting the provision in the agreement following a discussion with the ministry.

Thanks,

John

From: Anna Strathy
Sent: Tuesday, August 15, 2017 3:41 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Question re: signature of a proposed directive.

Hi Sarah,

Thanks for this. I can confirm that the Minister is away until September 5.

Given that this is related to the FHP, I expect the MO will want the Minister to sign it himself. Furthermore, the DMO may want to "package" this with other FHP approvals – including a TB Submission that will be coming forward for our Minister's signature in early September.

With that in mind, can this wait for his return on the 5th? If not, I'm happy to start making inquiries about his delegate.

Anna

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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The nature of the directive is to obtain approval for an exemption from the inclusion of a security

provision in an OFA credit facility agreement under the OFA Lending Policy.
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The Legislature appropriates no funds for the IESO, since the IESO is ratepayer-funded. It therefore makes no sense to include this provision and we are looking for a direction for an exemption in this regard.
Thanks,
Sarah

From: John Kim
To: Anna Strathy; Sarah Harris
Cc: Bruno Amara; Lisa Stein; William Tan
Subject: RE: Question re: signature of a proposed directive.
Date: Tuesday, August 15, 2017 5:03:52 PM

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From:	Anna Strathy
To:	Sarah Harris
Cc:	Bruno Amara; Lisa Stein; William Tan; John Kim
Subject:	RE: Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 3:41:07 PM

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Sarah

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Cc:	Bruno Amara; Lisa Stein; William Tan; John Kim
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Date:	Tuesday, August 15, 2017 3:41:07 PM

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Sarah

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Subject:	RE: Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 5:05:00 PM

Thanks John, Sarah. I'll wait to hear from your teams before making inquiries.

From: John Kim
Sent: Tuesday, August 15, 2017 5:04 PM
To: Anna Strathy ; Sarah Harris
Cc: Bruno Amara ; Lisa Stein ; William Tan
Subject: RE: Question re: signature of a proposed directive.

Hi Anna,

I've been catching up on this file and I would like us to consider other options before making inquiries about the delegate option.

Just got a call from Sarah as I was drafting this as well.

I've spoken to Lisa and also CFB staff here on the floor this afternoon. The intercept provision is not relevant for the IESO (given the organization is ratepayer funded) and would like to explore ways of putting the provision in the agreement following a discussion with the ministry.

Thanks,

John

From: Anna Strathy
Sent: Tuesday, August 15, 2017 3:41 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Question re: signature of a proposed directive.

Hi Sarah,

Thanks for this. I can confirm that the Minister is away until September 5.

Given that this is related to the FHP, I expect the MO will want the Minister to sign it himself. Furthermore, the DMO may want to "package" this with other FHP approvals – including a TB Submission that will be coming forward for our Minister's signature in early September.

With that in mind, can this wait for his return on the 5th? If not, I'm happy to start making inquiries about his delegate.

Anna

From: Sarah Harris
Sent: Tuesday, August 15, 2017 2:30 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Question re: signature of a proposed directive.

Hi Anna,

As discussed, we are looking to have directive signed by the Minister, but you had mentioned the Head of Treasury Board may be able to sign as the Minister's delegate?

The nature of the directive is to obtain approval for an exemption from the inclusion of a security

provision in an OFA credit facility agreement under the OFA Lending Policy.
The OFA Lending Policy (attached, see p. 5 of 7 of the. pdf, “Security” section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the **Minister, Cabinet or Treasury Board.**
The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).
The Legislature appropriates no funds for the IESO, since the IESO is ratepayer-funded. It therefore makes no sense to include this provision and we are looking for a direction for an exemption in this regard.
Thanks,
Sarah

To:	Bruno Amara; Lisa Stein
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:53:52 AM

Hi Bruno,
The initial draft was based largely on the existing OPA agreement, as well as another IESO-OEFC agreement. Neither had the intercept provision.

From: Bruno Amara
Sent: Monday, August 14, 2017 11:41 AM
To: Lisa Stein
Cc: Shajee Kathirgamanathan ; Tobias P. Whitfield (MOF) ; Sarah Harris ; William Tan
Subject: RE: Questions re Intercept Provision
Thanks Lisa
A couple of further comments
1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.
2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.
I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.
Thanks
Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision
Hi Bruno,
Please see my responses below.
Thank you,
Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision
Hi,
Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current

agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.
   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters,

and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks

Sarah

From: Ken Kandeepan

Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not

required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.
Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,
Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the

protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?

    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Bruno Amara
To: Lisa Stein
Cc: Shajee Kathirgamanathan; Tobias P. Whitfield (MOF); Sarah Harris; William Tan
Subject: RE: Questions re Intercept Provision
Date: Monday, August 14, 2017 11:41:21 AM

Thanks Lisa

A couple of further comments

1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.

2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.

I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.

Thanks
Bruno

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Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   > *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.*

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

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> The steps of the transaction would be:
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>
> Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
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> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
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> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
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> - *[Include additional questions]*
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agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

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Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

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> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan

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Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
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To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
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> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
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Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Bruno Amara
To:	Lisa Stein
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF); Sarah Harris; William Tan
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:41:21 AM

Thanks Lisa
A couple of further comments
1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.
2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.
I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.
Thanks
Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara ; Sarah Harris ; William Tan
Cc: Shajee Kathirgamanathan ; Tobias P. Whitfield (MOF)
Subject: RE: Questions re Intercept Provision
Hi Bruno,
Please see my responses below.
Thank you,
Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision
Hi,
Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.
2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that

the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

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Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be

addressed during our call this afternoon in the e-mail which I have forwarded below.
Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?

- Given that the debt is specifically for the purpose of creating the Asset which will be “warehoused” at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Bruno Amara; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:06:14 AM

Hi Bruno,
Please see my responses below.
Thank you,
Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris ; Lisa Stein ; William Tan
Cc: Shajee Kathirgamanathan ; Tobias P. Whitfield (MOF)
Subject: Questions re Intercept Provision

Hi,
Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.
2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.
   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   > *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.*
3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include

such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may

instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).
Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.
If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.
If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.
It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.
Thanks
Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the

latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional

input or insight on this matter.
Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,
Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.
Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Lisa,
I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.
The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.
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may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

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In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Bruno Amara; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:06:14 AM

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1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.
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   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

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Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

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The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may

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> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.
If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.
If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.
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Sent from my iPhone

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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

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In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional

input or insight on this matter.
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Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,
I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.
The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.
I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it

may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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To:	Bruno Amara; Lisa Stein
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:53:52 AM

Hi Bruno,
The initial draft was based largely on the existing OPA agreement, as well as another IESO-OEFC agreement. Neither had the intercept provision.

From: Bruno Amara
Sent: Monday, August 14, 2017 11:41 AM
To: Lisa Stein
Cc: Shajee Kathirgamanathan ; Tobias P. Whitfield (MOF) ; Sarah Harris ; William Tan
Subject: RE: Questions re Intercept Provision
Thanks Lisa
A couple of further comments
1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.
2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.
I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.
Thanks
Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision
Hi Bruno,
Please see my responses below.
Thank you,
Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision
Hi,
Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current

agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.
   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

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Sent: Thursday, August 10, 2017 11:56 AM
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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters,

and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;

2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;

3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;

4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
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I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

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Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?

    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Sarah Harris
To:	Kelly Listoe
Subject:	RE: Short blurb OPG credit facility
Date:	Tuesday, July 04, 2017 3:08:31 PM

Thank you, Kelly.

Sarah

From: Kelly Listoe
Sent: Tuesday, July 04, 2017 3:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Short blurb OPG credit facility

Sure – see below:

OPG-OEFC Credit Facility
Purpose: General Corporate Purposes and Darlington requirements
Current Limit: CAD 700M to December 31, 2017
Amendment:
- Increase to CAD 2.35B to December 31, 2018
- Amend definition of Base Rate: Previously, the base rate for a 30 year borrowing would be set by taking the posted yield of the 30 year Government of Canada bond from the RBCB page on the day before the borrowing. If the term of the borrowing was not the same as the benchmark Government of Canada bond, there is a interpolation calculation done using the Government of Canada bonds, with terms less than and greater than the term of the borrowing, from the RBCB page.
Going forward, we want to set the Government of Canada bond yield based on the hedging that is done for the borrowing. This is the reason for the change to OEFC determining the yield. But this only determines the first part of the calculation. If the term of the borrowing is not the same as the term of the Government of Canada benchmark bond, we still need to do an interpolation calculation. This interpolation would be done using the yields posted on the RBCB page on the day before borrowing.
- Additional proposed amendment by OPG (being considered internally in OFA) to amend definition of S*ubsidiary* to exclude "any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario). The effect of this amendment would be to clarify that the financing entity is not a subsidiary of OPG. The entity needs to be legally separated from OPG and be a single purpose entity for the fair share scheme to work (see the information that Ryan and I put together earlier).

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Harris
Sent: Tuesday, July 04, 2017 2:34 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: Short blurb OPG credit facility

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Opal asked for a quick blurb to reference the amendment to the OPG Credit Facility Agreement.

Without digging, I jotted down the following.

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Thanks,

Sarah

From: Sarah Harris
To: William Tan
Subject: RE: Status Update
Date: Tuesday, August 15, 2017 9:37:14 AM

Thank you, Will.

From: William Tan
Sent: Tuesday, August 15, 2017 9:32 AM
To: Sarah Harris
Subject: FW: Status Update

Good morning Sarah,

1. IESO

FHP Credit facility agreement - Lisa is in the early stages of getting a new ministerial directive. We are making finishing touches on the FHP Credit Facility before we provide a draft copy to IESO.

AA10 – I will follow-up with Lisa today with regards to the final sign-off.

2. OLMS report/OILC Loan confirmation improvement.

3. Update T-bill procedure manual – pending test of new procedures before I document them.

4. Bond exchange procedures – drafts submitted.

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, August 15, 2017 9:18 AM
To: Dean Hwang <Dean.Hwang@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Karin Sze <Karin.Sze@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sab Horvath <Sab.Horvath@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
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Muchas gracias.

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From: Kelly Listoe
To: Sarah Harris
Subject: RE: Status Updates
Date: Tuesday, July 18, 2017 11:05:50 AM

Unfortunately, it seems that the head of OFA legal doesn't understand off balance transactions and securitization. I won't say any more.

Kelly Listoe
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Subject: RE: Status Updates

Thanks, Kelly. So if we've executed it, we'll need to be sure to inform the regular folks with the relevant details of the amendment (traders, cash, settlements).

Thanks,
Sarah

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From: Kelly Listoe
Sent: Tuesday, July 18, 2017 10:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status Updates

We are done. The SPV is not a material subsidiary. OPG is being cautious. The whole electricity plan would crumble, there would be not separate credit rating possible. It would have to be accounted for differently revealing all the financial/ debt details, etc.

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To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Dean Hwang <Dean.Hwang@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Karin Sze <Karin.Sze@ofina.on.ca>; Sab Horvath <Sab.Horvath@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Status Updates

Good morning,

Would you please send me your status update on your files by 9:30 a.m.

Thanks,
Sarah

From: Kelly Listoe
To: Sarah Harris
Subject: RE: Status Updates
Date: Tuesday, July 18, 2017 11:05:50 AM

Unfortunately, it seems that the head of OFA legal doesn't understand off balance transactions and securitization. I won't say any more.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

-----Original Message-----
From: Sarah Harris
Sent: Tuesday, July 18, 2017 10:50 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Status Updates

Thanks, Kelly. So if we've executed it, we'll need to be sure to inform the regular folks with the relevant details of the amendment (traders, cash, settlements).

Thanks,
Sarah

-----Original Message-----
From: Kelly Listoe
Sent: Tuesday, July 18, 2017 10:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status Updates

We are done. The SPV is not a material subsidiary. OPG is being cautious. The whole electricity plan would crumble, there would be not separate credit rating possible. It would have to be accounted for differently revealing all the financial/ debt details, etc.

Kelly Listoe
Documentation & Compliance Coordinator
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-----Original Message-----
From: Sarah Harris
Sent: Tuesday, July 18, 2017 10:43 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: Status Updates

Hi Kelly,

Thanks for the update.

I saw Sarah N's analysis yesterday on the SPV exclusion for OPG. In mentioning that the Draft of the OPG amendment is done, does that mean we've sorted out any outstanding issues and we're ready for execution?

Thank,
Sarah

-----Original Message-----
From: Kelly Listoe
Sent: Tuesday, July 18, 2017 8:50 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status Updates

Hi Sarah

The package for the OIC for OEFC is ready to start out for signatures Draft of the OPG amendment is done

Kelly Listoe
Documentation & Compliance Coordinator
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Subject: Status Updates

Good morning,

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Thanks,
Sarah

From: Sarah Harris
To: Kelly Listoe
Subject: RE: Status Updates
Date: Tuesday, July 04, 2017 10:17:20 AM

Thank you, Kelly.

From: Kelly Listoe
Sent: Tuesday, July 04, 2017 9:47 AM
To: Sarah Harris
Subject: RE: Status Updates

Hi
Nicole in LSB is working on the IESO OIC. She has the docs and is reviewing.
OPG has asked for a further amendment to the amendment that we are in the process of doing - New item to clarify the definition of "subsidiary" to exclude any financing entity related to the Ontario Fair Hydro Plan Act. This is a significant item that needs to be captured. OFA has been involved in the developments related to this Act

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From: Sarah Harris
Sent: Tuesday, July 04, 2017 9:33 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Dean Hwang <Dean.Hwang@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Karin Sze <Karin.Sze@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Sab Horvath <Sab.Horvath@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Subject: Status Updates
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Would you please send me a brief status update on your files by 10:15 a.m.
Thanks,
Sarah

From: Sarah Harris
To: William Tan
Subject: RE: Status Updates
Date: Tuesday, July 04, 2017 10:19:13 AM
Attachments: image001.png

Thank you, Will.

From: William Tan
Sent: Tuesday, July 04, 2017 9:57 AM
To: Sarah Harris
Subject: FW: Status Updates

Good morning Sarah,

1. IESO draft new Credit facility agreement and amendment of existing agreement.
2. OILC has sent a large number of loan request recently.
3. OLMS report/OILC Loan confirmation improvement.
4. Update T-bill procedure manual – pending test of new procedures before I document them.
5. Bond exchange procedures – drafts submitted.

OILC D294	Amortizing	21-Jun-17	17-Jul-17	26	($12,138,592.00)	Pricing accepted	Ryan
OILC D296	Amortizing	26-Jun-17	17-Jul-17	21	$ (227,001.00)	Pending Pricing	Will
OILC D298	Amortizing	27-Jun-17	17-Jul-17	20	$ (1,550,000.00)	Pending Pricing	Will
OILC D299	Amortizing	5-Jul-17	01-Aug-17	27	$ (45,395,289.00)	Pending Pricing	Will
OILC D300	Amortizing	5-Jul-17	01-Aug-17	27	$ (600,000.00)	Pending Pricing	Will
OILC D301	Amortizing	5-Jul-17	01-Aug-17	27	$ (3,180,000.00)	Pending Pricing	Will
OILC D302	Amortizing	5-Jul-17	01-Aug-17	27	$ (1,358,000.00)	Pending Pricing	Will
OILC D303	Amortizing	5-Jul-17	01-Aug-17	27	$ (4,156,500.00)	Pending Pricing	Will
OILC D304	Amortizing	5-Jul-17	01-Aug-17	27	($8,450,550.00)	Pending Pricing	Will
OILC D305	Amortizing	5-Jul-17	01-Aug-17	27	($7,188,600.00)	Pending Pricing	Will
OILC D306	Amortizing	5-Jul-17	01-Aug-17	27	($17,253,833.00)	Pending Pricing	Will
OILC D307	Amortizing	5-Jul-17	01-Aug-17	27		Pending Pricing	Will
				0			

Thanks,

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1					0			

From:	Jean-Francois Beaupre
To:	Opal Kandelas
Cc:	Sarah Harris
Subject:	RE: Status update
Date:	Tuesday, July 25, 2017 10:20:22 AM

Hi Opal,
TD (Cheryl Butcher) was looking for a copy of their original submission and emailed Sarah and she delegated to me – the original RFP and TD's submission were made in 2002 and Sarah requested that I reach out to Banking and LSB. Banking was able to provide copies which were sent to TD and LSB. TD said there were staffing changes and they were unable to find their copies.
The 'option 4 re: BEO SSA amendments' pertains to Fran Daly's suggestion at our last meeting with CDS that we could consider amending the BEO SSA with CDS and our IPA agent as a long-term solution for T-bills. This was offered by Fran as a possible alternative to adhering to standard MM issuance practices or becoming a participant.
Thanks for the clarifications on OSBs. Does this mean that after October 2017, they will no longer accept ANY certificates for OSBs?
There may be some small concerns with the LGX application and this remains on Patrick's plate. I am hoping that LSB will not have any major concerns and had reached out to the LuxSE on this when we re-opened the green bond. The LuxSE has confirmed to me in writing that they would be willing to negotiate the LGX application contents with us if necessary.
Thanks,
J-F

From: Opal Kandelas
Sent: Tuesday, July 25, 2017 10:10 AM
To: Jean-Francois Beaupre
Cc: Sarah Harris
Subject: RE: Status update
Hi J-F,
Thanks for this. TD had contacted me as well regarding a copy of the RFP. It wasn't clear specifically what they were after. I followed up with TD but got no response. Were they just after the fee agreement?
Re: below – what is meant by "still need to consider 'option 4 re: BEO SSA amendments"?
Just to follow up on the OSB note below, CDS sent an email saying no changes are expected until October. I have yet to respond, but will at some point.
I didn't realize that the Lux green green exchange application was still outstanding. Are there any significant concerns?
Opal

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 8:08 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status update
Hi Opal,
As requested, please find below a summary of the matters I am currently involved in.
Regards,

JF

ITEM

IESO - provide guidance to Will and Kelly on amending agreement and new FHP facility; early August deadline

T+2 – coordinating with CDS and LSB; CDS confirmed language is fine two weeks ago; LSB currently reviewing suggested process for FRNs and auctions; will need to purchase block of ISINs in the near future; follow-up with LSB this week

Green Ontario Fund – commented on draft SIPP and provided suggestions to Sarah and Ryan

US Counsel RFP –timeline established for Aug-Sep 2017 with LSB, drafted 'fee cap language' for Sarah and LSB's review and consideration on July 5, 2017; follow-up by this week

CDS Fees –monitor 'event fees' for DMTN235 on upcoming August 2017 CDS invoice pursuant to instructions sent to CDS on July 11, 2017; back and forth with CDS and what fees should not apply (e.g. paying agent fees); assisted Martine with CDS fee questions yesterday for OSBs

OILC – provided guidance to Will and Settlements on early repayment request from Sherry and agreement interpretation

Invoice Process – sent new suggested invoice process to Sarah on July 18, 2017, follow-up upon return from vacation

ACE and OICs – assist Andrea and Ryan with ACE testing, provide guidance on ACE logic and fixes, act as back-up for OICs as needed

Q1 Release – Sarah asked me to follow-up this week, expected release is August 11, 2017 per Opal. Karin to handle EDGAR and Andrea non-EDGAR filings

USD Potential Deal – 50/50 chance (last week) per Jim, explored EMTN 144A offering vs. US MTN vs Global; answered questions for the Funding Desk; ensure accuracy with flow back letter on the next Global deal further to call with Shearman in June 2017

CCMR – keep apprised of any developments, unable to obtain copy of Cabinet submission - I anticipate that the major exemptions will be contained in the Regulations at this stage

T-bill Process – assisted TD in getting original RFP and submission from 2002 last week and forwarded to Malle; still need to consider 'option 4 re: BEO SSA amendments'

OSBs – no change for 2017; post August 31st environment okay as confirmed by CDS; part of bigger legal piece re FAA delegation and agent actions under STA for LSB's consideration

FAA Amendments – consider next steps and prepare note for LSB outlining approach – accrued interest first and possible commissions – no Fall bill required per Sarah and LSB; obtain certifications from other government issuers if possible.

RBA Bond Basis – still need to determine if the inconsistent language creates any financial risk for the Province; my view is that it probably does not since we are dealing with a highly hypothetical scenario and accrued interest, if a problem, would be adjusted manually and washed-out via a buyback ticket by the traders

Training – provide on-going guidance and training to Ryan, Sab, Andrea

LGX Application – waiting for comments from LSB on LGX Application, this item it not time sensitive until the next 'new' green bond deal. Would not apply to any re-openings of existing green bonds

---

From: Opal Kandelas
Sent: Monday, July 24, 2017 4:05 PM
To: Documentation <Documentation@ofina.on.ca>
Subject: Status update

Hello all,

Please provide a brief update on any current projects by 11am tomorrow morning. Apologies for the short notice.
Thanks,
Opal.

From:	Jean-Francois Beaupre
To:	Opal Kandelas
Cc:	Sarah Harris
Subject:	RE: Status update
Date:	Tuesday, July 25, 2017 8:08:20 AM

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Opal.

From:	Jean-Francois Beaupre
To:	Opal Kandelas
Cc:	Sarah Harris
Subject:	RE: Status update
Date:	Tuesday, July 25, 2017 11:38:54 AM

Thanks Opal.
I completely agree about the Green Exchange advertising and will definitely have this sorted out with LSB before the next green bond issuance.
For the NCI conversion in October, I think this brings us back to the same options Computershare presented earlier this year. The concern I have here is what happens in a fully uncertificated environment if the proper controls or legislation are not in place and something goes wrong with the electronic records? The NCI conversion for OSBs ties into the same concerns we have about T-bills in terms of documenting/delegating the 'button-pusher' via legislation or agreements. That is why Fran was suggesting amending the BEO SSA I suspect, since this could potentially cover both T-Bills and OSBs. This would not be an actual rule change to CDS Participant Rules requiring public comments nor would they need to vet this through their Board, but rather, a formalized agreement between CDS, the issuer and its agents where we could clearly define who does what and who is responsible for the various CDS functions. Obviously, this would entail negotiations with CDS and likely TD and Computershare (as OSB agent) since we could not execute a bilateral agreement with CDS imposing responsibilities and obligations onto our agents without having them as parties to the agreement. We could go outside the BEO SSA and set-up agreements directly with our agents, but I don't think they would be comfortable with this unless they had 100% assurances that CDS was onboard with these processes.
One idea I had would be to expand on Fran's proposal by supplementing the existing BEO SSA instead of renegotiating it from the start. We already have an existing 'Rider to the BEO SSA', so we could consider a special Rider for "T-Bills/Money Market Securities Issuances" and another Rider for "OSBs/Retail Debt Issuances". We would not need a Rider for long term debt since CDS would continue to perform these functions itself for long term debt securities. Such an "OSB Rider" would hopefully give LSB some comfort if we eliminated paper certificates for OSBs in October and the "T-Bill Rider" would give TD the ability to act as our 'button-pusher' thereby eliminating the interim T-bill issuance process and special-handling fees.
I would be happy to take a stab at drafting one or both Riders which we could present to LSB initially for their comments with a view of sharing with CDS and our agents down the road. Like you said, if CDS was/is willing to provide some kind of 'pass' via confidential BEO SSA riders, I see no reason why the agents would object (unless they felt they would be assuming too much liability). I do consider Fran's suggestion to be a good one, but the end result will be a 'secret side-deal' with the Province which is CDS's usual M.O. anyway (eg Quebec). I say if it could potentially benefit the Province, let's explore this option further since I think you want to become a CDS participant anytime soon – the other option is to amend the FAA to give our agents authority, which I don't think LSB wants to do either.
Happy to discuss further as always,
JF

From: Opal Kandelas
Sent: Tuesday, July 25, 2017 10:48 AM
To: Jean-Francois Beaupre

Cc: Sarah Harris
Subject: RE: Status update

We "advertise" that Ont. Green bonds are listed on the Euro MTF as well as the Green Exchange, so it would be good to have any details worked out before the next one – granted, there is what I would hope is sufficient time to get that done.

CDS is proposing a conversion from physicals to NCI during the month of Oct.

In terms of T-bills, if I remember correctly, Ont. would need to determine if (with proper controls in place), we can ask our agent to perform certain functions in CDSX so that it makes it clear that the agent is just the "button pusher" not the "issuer". CDS would then have to give the agent a pass in its rules, by not binding Ont. to the actions of our agent. Knowing CDS, it's a tall order, especially if there's **nothing** it in for them! I haven't pursued this as I can't provide a carrot (that I can live with) nor a stick big enough to encourage CDS to change its rules. Let me know if you have any suggestions.

Opal.

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 10:20 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Hi Opal,

TD (Cheryl Butcher) was looking for a copy of their original submission and emailed Sarah and she delegated to me – the original RFP and TD's submission were made in 2002 and Sarah requested that I reach out to Banking and LSB. Banking was able to provide copies which were sent to TD and LSB. TD said there were staffing changes and they were unable to find their copies.

The 'option 4 re: BEO SSA amendments' pertains to Fran Daly's suggestion at our last meeting with CDS that we could consider amending the BEO SSA with CDS and our IPA agent as a long-term solution for T-bills. This was offered by Fran as a possible alternative to adhering to standard MM issuance practices or becoming a participant.

Thanks for the clarifications on OSBs. Does this mean that after October 2017, they will no longer accept ANY certificates for OSBs?

There may be some small concerns with the LGX application and this remains on Patrick's plate. I am hoping that LSB will not have any major concerns and had reached out to the LuxSE on this when we re-opened the green bond. The LuxSE has confirmed to me in writing that they would be willing to negotiate the LGX application contents with us if necessary.

Thanks,

J-F

From: Opal Kandelas
Sent: Tuesday, July 25, 2017 10:10 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status update

Hi J-F,

Thanks for this. TD had contacted me as well regarding a copy of the RFP. It wasn't clear specifically what they were after. I followed up with TD but got no response. Were they just after the fee agreement?

Re: below – what is meant by "still need to consider 'option 4 re: BEO SSA amendments"?
Just to follow up on the OSB note below, CDS sent an email saying no changes are expected until October. I have yet to respond, but will at some point.
I didn't realize that the Lux green green exchange application was still outstanding. Are there any significant concerns?
Opal

From: Jean-Francois Beaupre
Sent: Tuesday, July 25, 2017 8:08 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Status update
Hi Opal,
As requested, please find below a summary of the matters I am currently involved in.
Regards,
JF
ITEM
IESO - provide guidance to Will and Kelly on amending agreement and new FHP facility; early August deadline
T+2 – coordinating with CDS and LSB; CDS confirmed language is fine two weeks ago; LSB currently reviewing suggested process for FRNs and auctions; will need to purchase block of ISINs in the near future; follow-up with LSB this week
Green Ontario Fund – commented on draft SIPP and provided suggestions to Sarah and Ryan
US Counsel RFP –timeline established for Aug-Sep 2017 with LSB, drafted 'fee cap language' for Sarah and LSB's review and consideration on July 5, 2017; follow-up by this week
CDS Fees –monitor 'event fees' for DMTN235 on upcoming August 2017 CDS invoice pursuant to instructions sent to CDS on July 11, 2017; back and forth with CDS and what fees should not apply (e.g. paying agent fees); assisted Martine with CDS fee questions yesterday for OSBs
OILC – provided guidance to Will and Settlements on early repayment request from Sherry and agreement interpretation
Invoice Process – sent new suggested invoice process to Sarah on July 18, 2017, follow-up upon return from vacation
ACE and OICs – assist Andrea and Ryan with ACE testing, provide guidance on ACE logic and fixes, act as back-up for OICs as needed
Q1 Release – Sarah asked me to follow-up this week, expected release is August 11, 2017 per Opal. Karin to handle EDGAR and Andrea non-EDGAR filings
USD Potential Deal – 50/50 chance (last week) per Jim, explored EMTN 144A offering vs. US MTN vs Global; answered questions for the Funding Desk; ensure accuracy with flow back letter on the next Global deal further to call with Shearman in June 2017
CCMR – keep apprised of any developments, unable to obtain copy of Cabinet submission - I anticipate that the major exemptions will be contained in the Regulations at this stage
T-bill Process – assisted TD in getting original RFP and submission from 2002 last week and forwarded to Malle; still need to consider 'option 4 re: BEO SSA amendments'
OSBs – no change for 2017; post August 31st environment okay as confirmed by CDS; part of bigger legal piece re FAA delegation and agent actions under STA for LSB's consideration
FAA Amendments – consider next steps and prepare note for LSB outlining approach – accrued

interest first and possible commissions – no Fall bill required per Sarah and LSB; obtain certifications from other government issuers if possible.

RBA Bond Basis – still need to determine if the inconsistent language creates any financial risk for the Province; my view is that it probably does not since we are dealing with a highly hypothetical scenario and accrued interest, if a problem, would be adjusted manually and washed-out via a buyback ticket by the traders

Training – provide on-going guidance and training to Ryan, Sab, Andrea

LGX Application – waiting for comments from LSB on LGX Application, this item it not time sensitive until the next 'new' green bond deal. Would not apply to any re-openings of existing green bonds

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From: Opal Kandelas
Sent: Monday, July 24, 2017 4:05 PM
To: Documentation <Documentation@ofina.on.ca>
Subject: Status update

Hello all,

Please provide a brief update on any current projects by 11am tomorrow morning. Apologies for the short notice.

Thanks,

Opal.

From: William Tan
To: Sarah Harris
Subject: RE: Timing of call
Date: Tuesday, August 08, 2017 3:03:45 PM

Thanks for the suggestion Sarah.
I'll go with your suggestion.
Sigh, looks like it will have to be tomorrow.
Toby was busy all afternoon and only replied 30 mins ago and is gone for the day at 4pm.
and Bruno has just left for a call for 1 hour.

From: Sarah Harris
Sent: Tuesday, August 08, 2017 2:58 PM
To: William Tan
Subject: Timing of call

Hi Will,

If others are not yet aware, it would be good to let those who will be participating in Lisa's IESO call a status update. Usually when these call are organized, you send out an e-mail asking all participants about their availability and give a couple of proposed times for a call. Everyone will usually respond to the group with their availability.

Thanks,

Sarah

From: William Tan
To: Sarah Harris
Subject: RE: Updates
Date: Tuesday, August 29, 2017 9:40:34 AM

Good morning Sarah,

1. IESO

    FHP Credit facility agreement – Awaiting for the ministerial directive to be signed. We are making finishing touches on the FHP Credit Facility before we provide a draft copy to IESO.

AA10 – I will follow-up with Anthony that there are no more changes.

Ministerial Directive – I will check with either Bruno or Malle to find out if this has been signed.

2. OILC FRN Awaiting draft documents.
3. OLMS report/OILC Loan confirmation improvement.
4. Update T-bill procedure manual – pending test of new procedures before I document them.
5. Bond exchange procedures – drafts submitted.

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, August 29, 2017 9:19 AM
To: Ryan Blackbyrne ; Karin Sze ; Dean Hwang ; William Tan ; Sab Horvath
Subject: Updates

Hi,

Sorry for the short notice - please let me know your status update by 10 a.m.

Thanks,

Sarah

From: William Tan
To: Sarah Harris
Subject: RE: Updates
Date: Tuesday, August 08, 2017 10:06:10 AM

Hi Sarah,

I can input the grid note figures in today. If I can find my old version, I can finish it within 30 mins or so. (I intended to work on the grid note but JF thought the FHP agreement was a priority). Anthony just replied that he will request for new funds August 17.

Thanks,

Will

From: Sarah Harris
Sent: Tuesday, August 08, 2017 9:50 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Updates

Thank you, Will.

I'm going through my e-mails for the last two weeks, but it will take some time.

So for the Amending Agreement, we are all agreed on working and just the Grid note needs to be updated? When will that be completed? I see that you were able to reconcile figures with Anthony. I think you asked JF if you should check with Anthony when the next expected draw would be – I think this is important to do ASAP, because we need to know the absolute deadline for execution of the Amending Agreement and the new $2B facility.

Thanks,

Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 9:27 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updates

Good morning Sarah,

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FHP Credit Facility Agreement – IESO will have to agree to changes and obtain signatures. AA10 - Wording is finalized. I have to create a grid note with the updated figures. Signatures

required.

Signing authority materials finalized. Signatures required.

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Sent: Tuesday, August 08, 2017 8:52 AM
To: William Tan <William.Tan@ofina.on.ca>; Karin Sze <Karin.Sze@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Dean Hwang <Dean.Hwang@ofina.on.ca>; Sab Horvath <Sab.Horvath@ofina.on.ca>
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Thanks,
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From: Sarah Harris
To: William Tan
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Date: Tuesday, August 08, 2017 9:26:42 AM

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Subject: Updates

Hi,

Sorry for the short notice - please let me know your status update by 10 a.m.

Thanks,
Sarah

From:	William Tan
To:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Wednesday, August 09, 2017 9:46:10 AM

Hi Sarah,
I'll follow up with Lisa around 11:30am.
Thanks for the suggestion.

From: Sarah Harris
Sent: Wednesday, August 09, 2017 9:38 AM
To: William Tan
Subject: RE: conference call re FHP Agreement

Thanks, Will. You can follow up with Lisa at around 11:30 a.m. to request the e-mail they were preparing yesterday.
Coaching feedback: When laying out a timeline for execution, it's important to frame it that you are all working as a team to get it done, and not necessarily impose the signature date. So something to the effect that:

As we have been informed by Anthony, next Thursday, on August 17th IESO will be requesting a new advancement of $250 million in addition to their existing balance of $253.1 million, resulting in an outstanding total balance of $503.10 million, which exceeds the new anticipated limit of $475 million of the existing credit facility. Accordingly, we must execute both agreements (amending agreement for the existing facility and the agreement for the new $2B facility) prior to August 17th . In order to allow sufficient time for execution, ***we should aim to finalize with IESO the execution copies of both agreements by no later than Monday, August 14th.***

Thanks,
Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 8:14 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

Thank you Lisa and Toby,
I look forward to receiving the outstanding issues you have identified.
The issues I believe to be outstanding are:

1. *Permitted Liens "(k) any Lien arising in connection with the IESO's role and obligations under the OFHP including with respect to any amounts collect and held by IESO in relation to the Clean Energy Adjustment, or otherwise,"* – Operations for HP are still being worked out and it's difficult to itemize everything that would fall under (k).
2. Intercept provision – We are to review the new proposed language. I believe John, Ken and Mike have settled this matter.
3. Section 3.3(5) "The credit facility shall rank paris passu with all other unsecured Indebetendness of the IESO…." - I believe John, Ken and Mike have settled this matter.

So that I may be aware, are there any other new additional issues that have come forth?

Execution Plan

Anthony (IESO) has informed me that they will require a new advancement of $250 million in

addition to their existing balance of $253.1 million. Effectively an outstanding total balance of $503.10 million.

Monday, August 14 is our new signature date. If we can achieve this, the new $250 million advancement can be allocated to the $2 Billion Credit Facility and the Existing Credit Facility can be reduced from $975 million down to $475 million seamlessly.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, August 08, 2017 3:36 PM
To: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

We are in the process of preparing an e-mail. In terms of "permitted liens", I've already included revised language in the latest draft; however, I'm waiting until outstanding issues are resolved before sending it out as I don't think these issues should be reviewed/discussed in isolation.

Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 3:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

Hi Toby and Lisa,

Do you mind sharing with me the issues that are outstanding? (So I may take advantage of the time before the afternoon call. I want to avoid any new items that would push this back another day). Possibly one of these issues can be addressed immediately since Mike and Ken have already weigh-in?

To paraphrase Bruno, he is fine with Permitted Lien's in (k) but wanted Legal's opinion.

From: William Tan
Sent: Tuesday, August 08, 2017 3:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: conference call re FHP Agreement

Hello,

Is everyone available at 2pm tomorrow?

Thanks,

Will

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>

Subject: conference call re FHP Agreement

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 4:49:13 PM

That is fine with me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 8, 2017 3:32 PM
To: Stein, Lisa (OFA); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: conference call re FHP Agreement

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This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Lisa Stein
To:	William Tan; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 3:35:44 PM

We are in the process of preparing an e-mail. In terms of "permitted liens", I've already included revised language in the latest draft; however, I'm waiting until outstanding issues are resolved before sending it out as I don't think these issues should be reviewed/discussed in isolation.
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Date: Tuesday, August 08, 2017 3:33:38 PM

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Subject:	RE: conference call re FHP Agreement
Date:	Wednesday, August 09, 2017 8:51:51 AM

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So that I may be aware, are there any other new additional issues that have come forth?

Execution Plan

Anthony (IESO) has informed me that they will require a new advancement of $250 million in addition to their existing balance of $253.1 million. Effectively an outstanding total balance of $503.10 million.

Monday, August 14 is our new signature date. If we can achieve this, the new $250 million advancement can be allocated to the $2 Billion Credit Facility and the Existing Credit Facility can be reduced from $975 million down to $475 million seamlessly.

Thanks,
Will

From: Lisa Stein
Sent: Tuesday, August 08, 2017 3:36 PM
To: William Tan ; Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: RE: conference call re FHP Agreement

We are in the process of preparing an e-mail. In terms of "permitted liens", I've already included revised language in the latest draft; however, I'm waiting until outstanding issues are resolved before sending it out as I don't think these issues should be reviewed/discussed in isolation.
Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 3:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

Hi Toby and Lisa,
Do you mind sharing with me the issues that are outstanding? (So I may take advantage of the time before the afternoon call. I want to avoid any new items that would push this back another day).
Possibly one of these issues can be addressed immediately since Mike and Ken have already weigh-in?

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From: William Tan
Sent: Tuesday, August 08, 2017 3:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: conference call re FHP Agreement

Hello,

Is everyone available at 2pm tomorrow?

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Thank you,

Lisa

From:	William Tan
To:	Lisa Stein; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 8:13:45 PM

Thank you Lisa and Toby,
I look forward to receiving the outstanding issues you have identified.
The issues I believe to be outstanding are:

1. *Permitted Liens "(k) any Lien arising in connection with the IESO's role and obligations under the OFHP including with respect to any amounts collect and held by IESO in relation to the Clean Energy Adjustment, or otherwise,"* – Operations for HP are still being worked out and it's difficult to itemize everything that would fall under (k).
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Subject: RE: conference call re FHP Agreement

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Thank you,

Lisa

From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 4:49:45 PM

Sorry – meant timing for call – realize there are other issues in that email so wanted to clarify.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: August 8, 2017 4:49 PM
To: Tan, William (OFA); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA)
Subject: RE: conference call re FHP Agreement

That is fine with me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
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From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 4:49:13 PM

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Ministry of Finance
tobias.whitfield@ontario.ca
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From:	William Tan
To:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Wednesday, August 09, 2017 9:46:10 AM

Hi Sarah,
I'll follow up with Lisa around 11:30am.
Thanks for the suggestion.

From: Sarah Harris
Sent: Wednesday, August 09, 2017 9:38 AM
To: William Tan
Subject: RE: conference call re FHP Agreement

Thanks, Will. You can follow up with Lisa at around 11:30 a.m. to request the e-mail they were preparing yesterday.
Coaching feedback: When laying out a timeline for execution, it's important to frame it that you are all working as a team to get it done, and not necessarily impose the signature date. So something to the effect that:

As we have been informed by Anthony, next Thursday, on August 17th IESO will be requesting a new advancement of $250 million in addition to their existing balance of $253.1 million, resulting in an outstanding total balance of $503.10 million, which exceeds the new anticipated limit of $475 million of the existing credit facility. Accordingly, we must execute both agreements (amending agreement for the existing facility and the agreement for the new $2B facility) prior to August 17th . In order to allow sufficient time for execution, ***we should aim to finalize with IESO the execution copies of both agreements by no later than Monday, August 14th.***

Thanks,
Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 8:14 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

Thank you Lisa and Toby,
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The issues I believe to be outstanding are:

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Thank you,

Lisa

From:	Lisa Stein
To:	Salman Qadir; Sarah Harris; Sarah McGowan
Cc:	Michael Smith; Bonnie Zhang; Greg Moore; Bruno Amara; Sarah Neville
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 11:01:40 AM

Thank you for clarifying.
Lisa

From: Salman Qadir
Sent: Thursday, June 29, 2017 10:26 AM
To: Lisa Stein ; Sarah Harris ; Sarah McGowan
Cc: Michael Smith ; Bonnie Zhang ; Greg Moore ; Bruno Amara
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,
No - the OIC for FHP is for FHP purposes. We will have a credit agreement that will use up 100% of the OIC amount.
Also, I think that the OICs referenced in the annual lending directive is the same one OIC being amended over time.
Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 10:14 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,
As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?
The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thank you,
Lisa

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic

<Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,

Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM

To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From: Lisa Stein
To: Michael Smith; Sarah Harris
Cc: Sarah McGowan
Subject: RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 9:47:13 AM

Hi Sarah H.,
Can you please copy Sarah M on your response as well?
Thanks!
Lisa

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein ; Mara Bakic ; Sarah Harris
Cc: Bonnie Zhang ; Joan Dougherty ; Linda Smith ; Greg Moore
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc
I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc
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416-325-2320

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Cc:	Bonnie Zhang; Joan Dougherty; Linda Smith; Greg Moore
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Wednesday, June 28, 2017 4:19:21 PM

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To:	Lisa Stein
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:45:45 AM

Hi Lisa,

One question for you, if OICs have been amended, do you included the re

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From: Salman Qadir
Sent: Thursday, June 29, 2017 10:26 AM
To: Lisa Stein ; Sarah Harris ; Sarah McGowan
Cc: Michael Smith ; Bonnie Zhang ; Greg Moore ; Bruno Amara
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

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To:	Lisa Stein
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:38:28 AM
Attachments:	Copy of Total OIC Amount (March 31 2017) (002).xlsx

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OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	June 1, 2041
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	June 1, 2041
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	June 1, 2041
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	June 1, 2041
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

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Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
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OIC Summary

Regular Loans	
Under OIC 675/97 -	
Authorized:	$2,160,000,000
Repayment date:	June 1, 2041
Under OIC 767/99 -	
Authorized:	$656,000,000
Repayment date:	June 1, 2041
Under OIC 1883/2006 - SB Loans	
Authorized:	$800,000,000
Repayment date:	June 1, 2041
Under OIC 2144/2007	
Authorized:	$2,000,000,000
Repayment date:	June 1, 2041
Under OIC 300/2010	
Authorized:	$1,800,000,000
Repayment date:	May 15, 2036
Under OIC 163/2012	
Authorized:	$1,700,000,000
Repayment date:	Year 2040
Under OIC 354/2014	
Authorized:	$700,000,000
Repayment date:	March 5, 2044
Auto Loans	**Total OIC Amount**
OIC 2154/2008	$1,700,000,000
OIC 678/2009	$1,100,000,000
OIC 975/2009	$4,300,000,000
Total Amount	$16,916,000,000

School Board Loans

School Board Loans

School Board Loans

	Amount Issued		Remaining Authority
$	1,700,000,000.00	$	-
$	480,818,602.74	$	619,181,397.26
$	1,983,345,267.75	$	2,316,654,732.25

From:	Salman Qadir
To:	Lisa Stein; Sarah Harris; Sarah McGowan
Cc:	Michael Smith; Bonnie Zhang; Greg Moore; Bruno Amara
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:25:40 AM

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Cc: Michael Smith ; Bonnie Zhang ; Greg Moore ; Salman Qadir

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Cc:	Bonnie Zhang; Joan Dougherty; Linda Smith; Greg Moore; Salman Qadir; Sarah McGowan
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Date:	Thursday, June 29, 2017 11:01:40 AM

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From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM

To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	John Kim
To:	Malle Hanslep (MOF)
Cc:	Lisa Stein; Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	Re: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:08:31 PM

Hi Malle,

That is my understanding, yes.

John

On Aug 18, 2017, at 12:04 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi John,
> Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
> Malle
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 18, 2017 10:28 AM
> **To:** Stein, Lisa (OFA); Hanslep, Malle (MOF)
> **Cc:** Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
> **Subject:** RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
> Ok, great. Thanks Lisa, Malle.
>
> **From:** Lisa Stein
> **Sent:** Friday, August 18, 2017 9:59 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> **Subject:** RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
> Hi John,
> I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.
> Thank you,
> Lisa
>
> **From:** John Kim
> **Sent:** Thursday, August 17, 2017 7:52 PM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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****

From:	John Kim
To:	Malle Hanslep (MOF)
Cc:	Lisa Stein; Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	Re: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:08:31 PM

Hi Malle,

That is my understanding, yes.

John

On Aug 18, 2017, at 12:04 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

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> Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
> Malle
>
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> **Sent:** August 18, 2017 10:28 AM
> **To:** Stein, Lisa (OFA); Hanslep, Malle (MOF)
> **Cc:** Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
> **Subject:** RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
> Ok, great. Thanks Lisa, Malle.
>
> **From:** Lisa Stein
> **Sent:** Friday, August 18, 2017 9:59 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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> Lisa
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> **Sent:** Thursday, August 17, 2017 7:52 PM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: John Kim
To: William Tan
Cc: Bruno Amara; Lisa Stein; Sarah Harris; Caroline Swerdlyk; Sarah Neville
Subject: Re: Directive signing
Date: Tuesday, August 29, 2017 12:05:08 PM

We will let you know. We are trying to facilitate this today but depends availability of time etc

Sent from my iPhone

On Aug 29, 2017, at 12:03 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello John,
> How do we know if the directive has been signed?
> Thanks,
> Will
>
> ---
>
> **From:** John Kim
> **Sent:** Friday, August 25, 2017 9:03 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** Directive signing
> Hi,
> Just to update you, we are aiming for alternate to sign on Tuesday.
> John
> Y. John Kim
> Director, Electricity Finance Branch
> Ontario Financing Authority
> e-mail: john.kim@ofina.on.ca
> Ph: 416-212-6996

From: Bruno Amara
To: Lisa Stein
Cc: Sarah Harris; William Tan; Tobias P. Whitfield (MOF)
Subject: Re: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Friday, August 11, 2017 5:16:53 PM

Thanks Lisa. We'll look to start drafting next week. I will probably send a couple of questions on Monday to all to clarify some things.

Bruno

Sent from my iPhone

On Aug 11, 2017, at 4:51 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi all,
> Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
> Have a great weekend!
> Lisa
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
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> **********

From: Bruno Amara
To: Lisa Stein
Cc: Sarah Harris; William Tan; Tobias P. Whitfield (MOF)
Subject: Re: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Friday, August 11, 2017 5:16:53 PM

Thanks Lisa. We'll look to start drafting next week. I will probably send a couple of questions on Monday to all to clarify some things.

Bruno

Sent from my iPhone

On Aug 11, 2017, at 4:51 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi all,
> Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
> Have a great weekend!
> Lisa
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
> **********
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> **********

From: Hanslep, Malle (MOF)
To: William Tan
Cc: Sarah Harris; John Kim
Subject: Re: IESO Directive
Date: Tuesday, August 22, 2017 2:55:46 PM

Hi. We delivere,d it to the DMO on Monday morning. I received it from John Kim

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: William Tan
Sent: Tuesday, August 22, 2017 14:53
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA)
Subject: IESO Directive

Hello Malle,

I am checking in to see if you have received the directive from Bruno and had a chance to forwarded it to the DMO?
Thanks,

Will

From: Bruno Amara
Sent: Monday, August 21, 2017 8:46 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Credit facility

…and I understand Malle will then transmit to DMO.

Bruno

From: Bruno Amara
Sent: Monday, August 21, 2017 8:44 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca<mailto:Shajee.Kathirgamanathan@ofina.on.ca>>
Subject: Credit facility

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch

Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca<mailto:bruno.amara@ofina.on.ca>

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From: Sarah Harris
To: Caroline Swerdlyk
Cc: William Tan
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 6:20:56 PM

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>
> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don’t allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days’ prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing

Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
>
> Thanks,
>
> Will
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hi,
>
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>

>
> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
>
>
>
> - The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
>
>
>
> - The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
>
>
>
> - The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:
> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>
> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Hello Anthony,
>
> Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
>
> Thanks,
>
> Will
>
> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Monday, August 28, 2017 3:39 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>

> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Will – see attached $2B draft for your review.
>
> As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
>
> We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
>
> Regards.
>
>
>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: August 18, 2017 3:18 PM
> To: Anthony Martinello; Victor Buza
> Cc: Sarah Harris; Lisa Stein
> Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
>
>
> Hello Anthony and Victor
>
>
>
> Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
>
>
>
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> Best regards,
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> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
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> Toronto, Ontario M5G 1Z3, CANADA
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> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
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> <opa ieso amendment no 9 executed.pdf>

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> **Sent:** Wednesday, August 30, 2017 3:16 PM
> **To:** William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Cc:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Subject:** FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
> Hi,
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
> <!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than

28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.

<!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.

<!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.

<!--[if !supportLists]-->- <!--[endif]-->The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
>
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
>
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>;

Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Victor Buza
To: William Tan
Cc: Sarah Harris; Lisa Stein; Caroline Swerdlyk; Anthony Martinello
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 4:01:07 PM

Hello all - just as a follow-up to our call of a few minutes ago, it would make sense for the borrowing processes to be aligned for both lines of credit (i.e. the FHP line and the $475MM line) per Anthony's comments below.

Since it sounds like there will need to be some additional tweaks to the Election Notice language we inserted in yesterday's draft, would it make sense for you rather than us to make the changes to the Amendment #10 document as well, since you have the pen on this issue right now ? Just thinking here about what's most efficient time-wise (ie if not, we have to wait for your markup etc).

Let us know - thanks,

Victor
416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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From: Sarah Harris
To: William Tan
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 5:03:34 PM

Sorry. A little bit hasty in my email. It's that there wasn't enough detail in the email for all to understand. If you've called Anthony explain, then please let Lisa know, as well as Bruno, know that you've contacted Anthony to explain the context for execution, i.e., IESO has to review and sign off on the drafts, and that he is aware now that we expect to have the directive signed next week.

Sarah

Sent from my iPhone

On Aug 18, 2017, at 4:52 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi Will,
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>
> **From:** William Tan <William.Tan@ofina.on.ca>
> **Date:** August 18, 2017 at 3:18:18 PM EDT
> **To:** 'Anthony Martinello' <Anthony.Martinello@ieso.ca>, 'Victor Buza' <Victor.Buza@ieso.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>, Lisa Stein <Lisa.Stein@ofina.on.ca>
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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

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Thanks,
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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> FHP Credit Facility

Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: Sarah Harris
To: Caroline Swerdlyk
Cc: William Tan
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 6:20:56 PM

Hi Caroline,

Please draft without the inclusion of rollover interest. Tomorrow morning, Will shall also re-confirm with the traders about whether interest should accrued in the new FHP agreement.

Sarah

Sent from my iPhone

> On Aug 30, 2017, at 5:35 PM, Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca> wrote:
>
> Sorry for the multiple emails. One more email above rolling-over interest.
>
> Under Amending Agreement No. 9 (attached), s. 3.3(1) the Credit Agreement provides for rollover of principal amounts, but the Form of Election Notice lists principal and interest separately under “aggregate amount of the proposed election”. These don’t seem consistent to me. I will draft based on no rollover of interest – but please let me know if this information changes your instructions.
>
> Thanks,
> Caroline
>
> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Thanks Will.
>
> I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:
>
>
> - Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
>
> o Don’t allow for rollover of accrued interest
>
> o New Repayment Date to be no earlier than 28 days after Current Repayment Date
>
> - Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice
>
> Please let me know if this is correct or if I am misunderstanding what needs to be changed.
>
> With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days’ prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing

Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
>
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> From: William Tan
> Sent: Wednesday, August 30, 2017 4:30 PM
> To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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> Hello Caroline,
>
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
>
>
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
>
>
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
>
>
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
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> Sent: Monday, August 28, 2017 3:39 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>

> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Will – see attached $2B draft for your review.
>
> As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
>
> We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
>
> Regards.
>
>
>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: August 18, 2017 3:18 PM
> To: Anthony Martinello; Victor Buza
> Cc: Sarah Harris; Lisa Stein
> Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
>
>
> Hello Anthony and Victor
>
>
>
> Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
>
>
>
> Execute:
>
> Amending Agreement 10
>
> FHP Credit Facility
>
> Resolution of the Board of Directors.
>
> Incumbency Certificate
>
>
>
> Thanks,
>
>
>
>
>
> Best regards,
>
>

>
> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
>
> 1 Dundas Street West, Suite 1400
>
> Toronto, Ontario M5G 1Z3, CANADA
>
> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
>
>
>
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>
>
>
>
> This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.
> <opa ieso amendment no 9 executed.pdf>

From: Sarah Neville
To: William Tan
Cc: Sarah Harris; Caroline Swerdlyk; Lisa Stein
Subject: Re: IESO Grid Notes
Date: Wednesday, August 30, 2017 6:49:04 PM
Attachments: image001.png
image002.png

Now I am utterly confused. But I haven't been directly involved today so don't want to further muddy the waters.

Does that mean the rolled over amount and new borrowing don't need to be tracked separately as instructed yesterday? Do the changes Caroline made today still work - I would be reluctant to change the drafts again given IESO has signed off.

In other news, Caroline followed up with John Kim and the directive was not signed today (you may already know this, I am just getting caught up). Do we need to start thinking about plan B?

Sarah

Sent from my iPhone

On Aug 30, 2017, at 6:23 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello,
> Sarah H, clarified with Settlements on how the Grid Notes are to be interpreted. Each line indicates total outstanding loan and not to be totalled with the loans above.
> Anthony is correct in saying that he only receives one line item.
> Thanks,
> Will
>
> ---
>
> **From:** William Tan
> **Sent:** Wednesday, August 30, 2017 4:58 PM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: IESO Grid Notes
> Hello,
> Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
> If you look closely to the items above the number I crossed out, it appears to be some double counting.
> I have attached my rough version suggesting how it should appear.
>
> ---
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** Wednesday, August 30, 2017 3:42 PM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa

Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.

You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.

I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,966,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Caroline Swerdlyk
To: Sarah Neville
Cc: William Tan; Sarah Harris; Lisa Stein
Subject: Re: IESO Grid Notes
Date: Wednesday, August 30, 2017 6:52:47 PM

Hi Sarah,

On the draft Agreement: Sarah, Will and I spoke about whether the drafting still works with the form of Grid Note and we think it does.

Caroline

On Aug 30, 2017, at 6:49 PM, Sarah Neville <Sarah.Neville@ofina.on.ca> wrote:

> Now I am utterly confused. But I haven't been directly involved today so don't want to further muddy the waters.
>
> Does that mean the rolled over amount and new borrowing don't need to be tracked separately as instructed yesterday? Do the changes Caroline made today still work - I would be reluctant to change the drafts again given IESO has signed off.
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> In other news, Caroline followed up with John Kim and the directive was not signed today (you may already know this, I am just getting caught up). Do we need to start thinking about plan B?
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> Sarah
>
> Sent from my iPhone
>
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>
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> > Sarah H, clarified with Settlements on how the Grid Notes are to be interpreted. Each line indicates total outstanding loan and not to be totalled with the loans above. Anthony is correct in saying that he only receives one line item.
> > Thanks,
> > Will
> >
> > ---
> >
> > **From:** William Tan
> > **Sent:** Wednesday, August 30, 2017 4:58 PM
> > **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO Grid Notes

Hello,

Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.

If you look closely to the items above the number I crossed out, it appears to be some double counting.

I have attached my rough version suggesting how it should appear.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.

You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.

I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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sender immediately and delete this e-mail message.

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 9:41:14 AM

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.
Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
Please let me know if you require anything further or if you have questions.
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.

Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.

If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans

and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority

(IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,
As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.
Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 9:41:14 AM

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

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To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.

Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.

If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans

and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.

Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority

(IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
Thanks,
Will

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Subject: FW: IESO : OFA new FH credit facility

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Thanks,
Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,
Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.
Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,
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Thanks,
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza
To: Bruno Amara
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 5:19:00 PM

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP.

The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan ; Anthony Martinello
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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 9:50:24 AM

Hi Sarah,

Sorry, for the aggregation . I misunderstood.

Sent from my iPhone

On Jul 13, 2017, at 9:02 AM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi Will,
> We never discussed with Anthony; it was an offline part of the conversation to which Anthony was not privy. When you sent your draft responses to me, I specifically noted, "*…however, you can't send Anthony the following phrase: " In the unlikely event, IESO IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million." That is our internal back up and he would not be aware of it. In the event we see IESO heading in the direction of exceeding $475M, then we bring it up*."
> This was not to be brought up with IESO until such possible time that IESO risked breaching the $475 million mark. Anthony indicated in the call that there was the other TD line of credit that they could use if funding needs started reaching the $475 million mark. Anthony, however, didn't 'guarantee' that would happen in the event the their funding needs exceeded $475M before the other facility was signed (as mentioned in his follow-up e-mail, which was what we were to confirm i.e. that Anthony had agreed to use the TD line). As part of our internal OFA contingency, we agreed that if we saw IESO heading in that direction, we could decrease the size $2B FHP facility to ensure the total borrowing didn't exceed $2.475B at any time.
> We worked out an understanding on the phone re: 1) executing the amending agreement 1st to reduce the existing $975M credit facility to by $500M to $475 as quickly as possible first, before the new $2B FHP facility (that was because IESO's legal was bogged down and couldn't do both quickly) and 2) that IESO had a TD line of Credit that IESO could tap to bridge a funding gap if IESO saw itself exceeding the $475 million prior to the new $2B facility being signed. Given this understanding, from a relationship aspect with IESO, we don't pull out the 'big guns' (i.e. changing the proposed framework of the credit facilities), without first giving them the chance to live up to their agreed commitments.
> Bear in mind that this is a high profile facility and you're not the only OFA employee having conversations with IESO. By introducing this surprise element to Anthony, he may start checking internally at IESO about the origins of this proposal, and this may be brought up to higher levels of the OFA through different channels. Had we kept this contingency internally, we could have briefed all parties in the OFA (up to and including our CEO), so that they would be aware of any developments and there would be no surprises.

I will e-mail Anthony to provide some context, and to clarify the nature of the e-mail that you sent to him.

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 10:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah,

I called him but couldn't reach him before I sent the email. I was fairly certain he agreed to it. Would you like me to reach him to see if he's still fine with it?

From: Sarah Harris
Sent: Wednesday, July 12, 2017 10:03 PM
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Subject: Re: IESO : OFA new FH credit facility

Will,

Did you speak to Anthony and did he agree to reduce the $2 billion FHP Credit Facility if IESO exceeds $475 million under the existing facility?

Thanks,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello'
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

> Hello Anthony,
>
> Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.
>
> Best regards,
>
> Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH

(RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.
Regards
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(RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.
Regards
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From: Sarah Harris
To: William Tan
Subject: Re: IESO : OFA new FH credit facility
Date: Wednesday, July 12, 2017 10:03:05 PM

Will,

Did you speak to Anthony and did he agree to reduce the $2 billion FHP Credit Facility if IESO exceeds $475 million under the existing facility?

Thanks,
Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello'
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara ; Victor Buza
Subject: RE: IESO : OFA new FH credit facility

Will,
As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
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From:	Sarah Harris on behalf of /O=OFA/OU=OFINA ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SHARRIS
To:	William Tan
Subject:	Re: IESO : OFA new FH credit facility
Date:	Wednesday, July 12, 2017 9:59:57 PM

Will,

From: William Tan
Sent: Wednesday, July 12, 2017 4:29:04 PM
To: 'Anthony Martinello'
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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From: Salman Qadir
To: William Tan
Cc: Sarah Harris; Bruno Amara
Subject: Re: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 8:58:50 AM

Hi William,

If the credit agreement cannot be put in place this week, the alternative would be to actually amend the $975 agreement to update "purpose" to include FHP. The facility can likely still be used as written for FHP but amending it would provide clarity.

When the new one is ready, we would move over any drawdowns related to FHP to the new facility.

Reducing the $975 to $475 before the new one is in effect would not work for IESO.

Regards,
Salman

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> Thanks,
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> **Cc:** 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** FW: IESO : OFA new FH credit facility
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Hello Anthony,

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Have a great weekend.

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Subject: FW: IESO : OFA new FH credit facility

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Subject: RE: IESO : OFA new FH credit facility

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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From: Victor Buza
To: Bruno Amara
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 5:19:00 PM

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor
Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.
1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.
2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP.

The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.
Thanks for your help
Bruno
By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Salman Qadir ; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.
If you have any questions, please feel free to call me at your convenience at the number below.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Sarah Harris
To: John Kim
Subject: Re: Intercept provision
Date: Wednesday, August 16, 2017 5:14:15 PM

Thank you, John.

Sarah

Sent from my iPhone

On Aug 16, 2017, at 3:30 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi, I did let Lisa know who is drafting the direction for tomorrow's timeline. My understanding is that OFA decided on that course.
>
> **From:** Sarah Harris
> **Sent:** Wednesday, August 16, 2017 11:51 AM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Intercept provision
>
> Hi John,
>
> I only have Lisa's proposed draft language from an earlier draft of the agreement (attached, section 5.7)), which is the following:
>
> <!--[if !supportLists]-->(a) <!--[endif]-->The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").
>
> <!--[if !supportLists]-->(b)<!--[endif]-->The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.
>
> (Note: At this point, this language has only been shared internally amongst Bruno, Toby, Will and myself.)
>
> I don't have the intercept language from the other MOU that Lisa referenced in our meeting.
>
> Thanks,
>
> Sarah
>
> **From:** John Kim
> **Sent:** Wednesday, August 16, 2017 11:43 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Intercept provision
Hi Sarah,
I have a bit of a wrinkle….if you have the intercept provision, could you send to us?
Thanks,
John
Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: Sarah Harris
To: William Tan
Subject: Re: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date: Monday, July 24, 2017 10:32:04 AM

Hi Will,

Please copy Kelly on all IESO and ask all other parties to do so as well.

Thanks,
Sarah

Sent from my iPhone

On Jul 24, 2017, at 10:29 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> Good morning Sarah,
> I had an uneventful weekend but relaxing weekend. Thanks for asking.
> I'll send this to IESO once they confirm back to me that they are fine with all the changes.
> Thanks for putting this together and simplifying the process.
> Will
>
> ---
>
> **From:** Sarah Neville
> **Sent:** Monday, July 24, 2017 9:58 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> **Subject:** OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
> **Importance:** High
> Good morning Will,
> Hope you had a nice weekend. Attached is the mark up of Amending Agreement No 10. I have accepted all changes on the IESO draft of July 7, with the exception of Paragraphs 2 & 3 which has been changed back to the OFA's original language. This is clearly noted in a comment box which should travel with the draft to IESO. Based on IESO's response on Friday, this should not be a controversial amendment.
> Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.
> Please let me know if you require anything further or if you have questions.
> Thanks very much and best regards,
> Sarah

From: Sarah Harris
To: Siva Nathan
Subject: Re: OFA-IESO Credit Facilities
Date: Friday, August 18, 2017 4:39:59 PM

Will do. The initial mailing list was advised to me by Ken.

Sarah

Sent from my iPhone

On Aug 18, 2017, at 4:18 PM, Siva Nathan <Siva.Nathan@ofina.on.ca> wrote:

> Hi Sarah,
> In the future, please include my name in the distribution list. I need these information with regards to IESO loans for OEFC FS disclosure.
> Thanks
> Siva
>
> **From:** Ken Kandeepan
> **Sent:** Tuesday, August 15, 2017 11:59 AM
> **To:** Siva Nathan <Siva.Nathan@ofina.on.ca>
> **Subject:** FW: OFA-IESO Credit Facilities
> You should have been included in this as well.
> Thanks
> Ken k
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> **From:** Sarah Harris
> **Sent:** Tuesday, August 15, 2017 11:53 AM
> **To:** Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** OFA-IESO Credit Facilities
> Hello,
> We are currently in the process of working on a new $2B OFA-IESO Credit Facility to provide funding in respect of the Ontario Fair Hydro Plan. Under this framework, the existing $975 million OFA-IESO Credit Facility is to be reduced to $475 million. Due to a required Ministerial approval, the new $2B facility will not be executed until mid-September (estimate).
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the new facility. The intention is that there will be no movement of funds and therefore no cash impact (that is, IESO does not repay the existing loans, and the OFA does not fund the new loans).

Would you please confirm if there are any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any ‘excess loan amount’ from the existing credit facility to the new FHP credit facility?

Thanks,

Sarah

From: Alfonso Soriano
To: Sarah Harris
Subject: Re: OFA-IESO Credit Facilities
Date: Wednesday, August 16, 2017 8:40:04 PM

Yes. Thanks for the follow up.

Sent from my iPhone

On Aug 16, 2017, at 5:17 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi Alfonso,
>
> I'm just confirming that the following would be ok?
>
> Thanks,
> Sarah
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> Sent from my iPhone
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> > Sarah

From: Sarah Harris
To: Alfonso Soriano
Subject: Re: OFA-IESO Credit Facilities
Date: Wednesday, August 16, 2017 5:17:42 PM

Hi Alfonso,

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Thanks,
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Sent from my iPhone

On Aug 15, 2017, at 11:52 AM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

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> Thanks,
> Sarah

From: Sarah Harris
To: Tony Dong
Subject: Re: OFA-IESO Credit Facilities
Date: Wednesday, August 16, 2017 5:03:13 PM

Thank you, Tony.

Sarah

Sent from my iPhone

On Aug 16, 2017, at 4:30 PM, Tony Dong <Tony.Dong@ofina.on.ca> wrote:

> Hi, Sarah
> We don't think there will be any operational obstacles in Risk Control Operations regarding this transfer of credit facility, thanks.
> Tony Dong
> Risk Control Operations
> Ontario Financing Authority
> 1 Dundas Street West, Suite 1400
> Toronto, ON M5G 1Z3
> Tel: 416-326-7677
> Fax: 416-204-7783
>
> **From:** Sarah Harris
> **Sent:** Tuesday, August 15, 2017 11:53 AM
> **To:** Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Tony Dong <Tony.Dong@ofina.on.ca>
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From: Sarah Harris
To: Siva Nathan
Subject: Re: OFA-IESO Credit Facilities
Date: Friday, August 18, 2017 4:39:59 PM

Will do. The initial mailing list was advised to me by Ken.

Sarah

Sent from my iPhone

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> **From:** Ken Kandeepan
> **Sent:** Tuesday, August 15, 2017 11:59 AM
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Thanks,

Sarah

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: Re: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 9:39:41 AM

I've already prepared a draft with intercept language.

Sent from my iPhone

On Aug 8, 2017, at 9:13 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> Good morning all,
> I will check with Ken and Mike this time morning around 10am if they have not weighed-in. (I am currently reviewing CIPA s. 23 and the relevant section of the Lending Policy). If Mike and Ken requires an explanation further than what's below, I may have to defer to you Lisa.
> Lisa, once Ken and Mike weighs-in, will we need and will you be drawing up the intercept language? If yes, how long will that take approximately? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)
> How will the reply from Ministry and Energy & IESO impact our agreement? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)
> Thanks,
> Will
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, August 04, 2017 3:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Subject:** RE: Policy question re OFHP Credit Facility Agreement
> Thank you. I agree that Ken and Mike should weigh in before we proceed.
> Lisa
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> **Subject:** RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.
I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High
Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness

under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

<!--[if !supportLists]-->● <!--[endif]-->**If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.

<!--[if !supportLists]-->● <!--[endif]-->**If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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> **Sent:** Friday, August 04, 2017 3:42 PM
> **To:** William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,
I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.
I do want to copy Ken and Mike to ensure that they are onside, as well.
Thanks,
John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement
Hello Bruno and John,
If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High
Hi Bruno and John,
I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.
The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).
In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness

under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

<!--[if !supportLists]-->● <!--[endif]-->**If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.

<!--[if !supportLists]-->● <!--[endif]-->**If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Ken Kandeepan
To:	Bruno Amara
Cc:	Sarah Harris; Lisa Stein; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	Re: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 1:54:04 PM

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> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
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Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

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The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?

    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
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    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Sarah Harris
To: Opal Kandelas
Subject: Re: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 12:06:52 PM

---

2 pm. Lisa, Toby, Bruno, Will, myself so far. John shows away; haven't heard about him.

Sent from my iPhone

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To:	Bruno Amara
Cc:	Sarah Harris; Lisa Stein; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
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> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
> Bruno
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.
Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,
In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.
Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,
Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded

that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?

    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Mike Manning
To: William Tan
Cc: Sarah Harris; Bruno Amara; John Kim; Salman Qadir
Subject: Re: additional IESO Proposed Changes to OFHP Credit Facility
Date: Wednesday, July 12, 2017 7:06:29 AM

Hi William:
I think we can accommodate 5 days.
Thanks, Mike

Sent from my iPad

On Jul 11, 2017, at 5:26 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Mike,
> We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.
> Noted in the original IESO FHP request:
>
> <!--[if !supportLists]-->● <!--[endif]-->New $2 billion FHP Credit Facility
> <!--[if !supportLists]-->● <!--[endif]-->Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
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> Proposed change: minimum 5 days, to a maximum of 95 days draw.
> Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?
> I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).
> Best regards,
> **Will Tan**| *Documentation & Analysis Specialist*
> Capital Markets Division | Ontario Financing Authority
> 1 Dundas Street West, Suite 1400
> Toronto, Ontario M5G 1Z3, CANADA
> Tel. (416) 325-8090 | Fax: (416) 860-8346
> william.tan@ofina.on.ca
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From: Bruno Amara
To: William Tan
Cc: Lisa Stein; Sarah Harris; John Kim; Tobias P. Whitfield (MOF)
Subject: Re: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 4:04:07 PM

Yes. I am.

Bruno

Sent from my iPhone

On Aug 8, 2017, at 3:17 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello,
> Is everyone available at 2pm tomorrow?
> Thanks,
> Will
>
> **From:** Lisa Stein
> **Sent:** Tuesday, August 08, 2017 11:06 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** conference call re FHP Agreement
> Hi Will,
> After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.
> Thank you,
> Lisa

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Cc: Lisa Stein; Sarah Harris; John Kim; Tobias P. Whitfield (MOF)
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> Thank you,
> Lisa

From: Sarah Harris
To: William Tan
Subject: Remaining provisions
Date: Tuesday, August 08, 2017 10:29:52 AM

Hi Will,
Lisa doesn't seem to be in her office, so she may be WFH as her Lync shows she's available.
Could you please call (e-mail her to see if she is WFH and if you need to call her mobile) her to confirm the status of
-Permitted Liens (k)
-pari passu
-intercept provision (and confirm that the question being deferred to Mike/Ken for unsecured loans is in respect of this)
Particularly what I would like to know is who has or is making the decision on each in the OFA. If the decision has not been made, how do we move this forward so we can send the draft to IESO today.
Thanks,
Sarah

From: Sarah Harris
To: Kelly Listoe
Subject: Short blurb OPG credit facility
Date: Tuesday, July 04, 2017 2:34:02 PM

Hi Kelly,
Opal asked for a quick blurb to reference the amendment to the OPG Credit Facility Agreement. Without digging, I jotted down the following.

OPG-OEFC Credit Facility

Purpose: General Corporate Purposes and Darlington requirements

Current Limit: CAD 700M to December 31, 2017

Amendment:

- Increase to CAD 2.35B to December 31, 2018
- Amend definition of Base Rate to reference…
- Additional proposed amendment by OPG (being considered internally in OFA) to amend definition of S*ubsidiary* to exclude "any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario). The effect of this amendment would be [briefly describe effect on agreement]

Could you please fill in the blanks and correct/add/delete anything you feel is relevant?
Thanks,
Sarah

From: Sarah Harris
To: Kelly Listoe
Subject: Short blurb OPG credit facility
Date: Tuesday, July 04, 2017 2:34:02 PM

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Opal asked for a quick blurb to reference the amendment to the OPG Credit Facility Agreement.

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Purpose: General Corporate Purposes and Darlington requirements
Current Limit: CAD 700M to December 31, 2017
Amendment:
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Could you please fill in the blanks and correct/add/delete anything you feel is relevant?

Thanks,

Sarah

From: Sarah Harris
To: William Tan
Subject: Timeline Credit Facility
Date: Wednesday, August 16, 2017 5:10:11 PM

Hi Will,

It is possible that we may execute the credit facilities sooner than expected. Could you please send the revised FHPCredit Facility drag to Lisa ASAP with the proposed interest rate language.

Thanks,
Sarah

Sent from my iPhone

From: Sarah Harris
To: William Tan
Subject: Timing of call
Date: Tuesday, August 08, 2017 2:58:22 PM

Hi Will,

If others are not yet aware, it would be good to let those who will be participating in Lisa's IESO call a status update. Usually when these call are organized, you send out an e-mail asking all participants about their availability and give a couple of proposed times for a call. Everyone will usually respond to the group with their availability.

Thanks,

Sarah

From:	William Tan
To:	Mike Manning
Cc:	Sarah Harris; Bruno Amara; John Kim; Salman Qadir
Subject:	additional IESO Proposed Changes to OFHP Credit Facility
Date:	Tuesday, July 11, 2017 5:26:59 PM
Attachments:	RE IESO OFA new FH credit facility.msg IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX

Hello Mike,

We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.

Noted in the original IESO FHP request:

- New $2 billion FHP Credit Facility
- Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
- 5 year term, expires September 30, 2022.
- Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.

Proposed change: minimum 5 days, to a maximum of 95 days draw.

Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?

I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 10, 2017 16:07:57

We are working on the $2B draft now.

Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	William Tan
To:	Mike Manning
Cc:	Sarah Harris; Bruno Amara; John Kim; Salman Qadir
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Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Bruno Amara; John Kim; Tobias P. Whitfield (MOF); Jean-Francois Beaupre
Subject:	conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 11:06:18 AM

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Bruno Amara; John Kim; Tobias P. Whitfield (MOF); Jean-Francois Beaupre
Subject:	conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 11:06:18 AM

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From: Lisa Stein
To: Sarah Harris
Subject: draft
Date: Thursday, August 17, 2017 3:47:59 PM

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(1) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.